

OVERSEAS NEWS

Tokyo in fresh claims on chip pact

By Ian Rodger in Tokyo

JAPAN will bring fresh evidence that it has been enforcing the eight-month-old semiconductor agreement to initial meetings with US trade officials today in Washington.

But Japanese trade officials doubt that the US will be willing to abandon its plan to impose sanctions on Japan later this month for alleged violations of the pact.

Officials at Japan's Ministry of International Trade and Industry (MITI) believe that the political demand in the US for action against Japanese trade practices is so strong that the Administration will not be able to back down from its decision to put 100 per cent tariffs on a range of Japanese electronic products.

The bilateral chip pact agreement was aimed at preventing Japanese producers from dumping chips in the US and third markets and at helping US companies increase their sales in the Japanese market. US producers have complained that Japanese companies have continued to dump chips in third markets while the Japanese market has remained difficult to crack. Tokyo says the agreement has not been infringed.

Miti claimed last month that its investigation of the important Hong Kong market in February had shown that prices of 256k dram chips had risen from less than \$1.80 to about \$2.

Miti however found that there was still considerable "grey market" activity in Japanese chips being sold through unofficial channels at low prices.

Miti said last month that it was confident that the 15 per cent production cuts it had imposed on Japanese producers in mid-February would soon eliminate the excess supply of chips that was feeding the grey market.

Argentine police break up anti-Papal demonstration

By TIM COONE IN BUENOS AIRES

AN anti-Papal demonstration in the centre of Buenos Aires was broken up at the weekend by riot police using water cannon.

The demonstration was organized by a hitherto unknown anarchist youth movement just a day or so before the arrival of Pope John-Paul II in Argentina.

About 1,000 youths gathered in the middle of a bustling re-grouped nearby.

Britain's threats have taken other members by surprise, Quentin Peel reports

Howe fails to win EEC backing on Japan

SIR GEOFFREY HOWE, the British Foreign Secretary, yesterday failed to win the clear endorsement of his EEC partners for threatened British trade sanctions against Japan — on the grounds that they must be properly considered by trade experts.

The British threats of possible measures against Japanese

financial institutions have taken other EEC members by surprise — particularly because the UK has in the past blocked any hint of such action.

The whole subject of trade relations between the 12 member states and Japan is however, back at the top of the agenda for national trade officials meeting at the weekend informal meeting of EEC Foreign Ministers.

His move for an expression

Sir Geoffrey raised the latest British concern over perceived Japanese discrimination against Cable and Wireless, the British telecommunications company seeking to gain a foothold in the Japanese market, at the weekend informal meeting of EEC Foreign Ministers.

His move for an expression

of solidarity seems to have been politely dismissed as inappropriate in such a forum intended to provide a wide-ranging debate on East-West relations, the Middle East, and relations with the US.

Mr Leo Tindemans, the Belgian Foreign Minister who hosted the gathering at Corverdon Priory, outside Antwerp, insisted that Japan had been discussed in the context of the US-Japanese trade row.

He said all related matters, including possible defences in the form of anti-dumping duties and increased customs tariffs, had been referred to the expert committee responsible. Sir Geoffrey's appeal was simply included in that.

Ian Rodger examines Japanese officials' concern created by the Cable and Wireless dispute

Tokyo ministry fears reprisals over telecoms scheme

JAPAN'S Ministry of Posts and Telecommunications (MPT) fears reprisals from other countries if it approves a scheme in which the UK's Cable and Wireless has a leading role, to establish an international telecoms service outside the existing framework for co-operation in this field.

The MPT remains willing, however, to receive an application for a licence for the scheme of the two consortiums competing for the franchise for Japan's second international telecoms service are unable to complete a revised merger plan agreed last week.

Both the US and British governments have protested at the highest level that the MPT's decision-making process has seemed to discriminate against foreign companies, despite Japanese policy to open its markets to foreigners.

Mr Koichiro Nagasawa, policy adviser in the MPT's telecommunications bureau, made clear that the presence of C and W in the International Digital Communications (IDC) consortium (it has a 20 per cent stake) was not in itself the cause of the ministry's long opposition to IDC.

Rather, it was the proposal that IDC become part of C and W's planned Global Digital Highway, an independent international telecoms system.

Mr Nagasawa pointed out that the existing system for international telecommunications was based on multilateral agreements among telecoms carriers to build and operate undersea cables and space satellites.

"We have had informal talks with some foreign carriers, and they fear that the IDC plan might put the system out of balance," he said.

The presence of C and W in the IDC plan was an additional and potentially destabilising factor because, up to now, no carrier had been involved on more than one side of a major agreement, he added.

He also acknowledged that the 1986 Japanese legislation providing for the so-called second KDD allowed up to one-third participation by foreign companies.

The ministry welcomed the participation of ordinary foreign companies. "But we did not expect international carriers to become involved. We assumed they would want to remain equal partners from their bases in their own countries."

It was unfortunate that the policy opposing participation by carriers had to be clarified after the law had been enacted, Mr Nagasawa said the MPT had made its opposition to the IDC plan clear from an early stage.

There were two grounds for

that opposition — the first was a fear that the IDC plan was too adventurous at this stage. "Japan is still in its infancy in opening its telecommunications markets."

"Although we have a well-established international carrier (Kokusai Denshin Denwa, or KDD), we are concerned about whether we should set out on this new type of venture before others have tried it."

"We think the risk is too high. We want the existing international modus operandi to continue. We want the new carrier to work in harmony with carriers around the world."

Asked why the US and UK authorities, who have already approved parts of the Global Digital Highway project, did not seem to have similar concerns, Mr Nagasawa said he was not in a position to com-

ment in detail on the situations in those countries.

However, he pointed out that the US Federal Communications Commission had put conditions related to the US national interest on its approval of the relevant Atlantic and Pacific cable projects.

The MPT's second concern was that the venture might not succeed. "We want the existing KDD that will compete effectively with KDD and maintain a sufficient volume to realise the objectives of the law — which are better services and cheaper tariffs for customers. We do not want someone whose success we have to worry about."

Mr Nagasawa was not saying that the Global Digital Highway, which is a novel project, will not be successful. But we do not have anything to judge it by."

Both IDC and its competitor,

IT also would be the second announcement of a Japanese purchase of a US supercomputer by the US announced on March 27 it would impose penalty duties on up to \$300m worth of Japanese electronic goods.

In imposing the duties, the US accused Japan of failing to comply with an accord on computer chip pricing and sales. Japan has denied the charge.

International Telecommunications Japan (ITJ), have published a highly-optimistic forecast of growth in Japan's international telecoms market.

IDC has used its forecast as a basis for suggesting to both applicants, the MPT, on the other hand, has indicated its opposition to issuing two licences and has encouraged direct dialogue with Intelstat and other existing multilateral carriers.

Mr Nagasawa said he did not necessarily disagree with those market forecasts. Certainly, IDC's business was growing rapidly. But he suspected the consortium were being too optimistic that revenues would grow at rates similar to those for traffic.

"The companies say they have price-cutting in mind, but they also want high profits. Maybe they are hoping that prices will not go down as much as we forecast."

The MPT had not excluded the idea of confining two applications of financing to the consortium, but he noted that the majority of companies in the two consortiums felt it would not be good to issue two licences. "They think the probability of success would be higher if there was only one."

IDC has claimed that because its facilities would be indepen-

Funaro to hold debt talks in New York

By Anne Charters in San Paolo and Ivo Davamy in New York

MR DILSON FUNARO, the Brazilian Finance Minister, is due to arrive in New York tomorrow for talks with the US Government and senior creditor banks on proposals to relieve his country's \$10bn (\$65bn) debt burden.

But bankers in New York believe there will be little willingness to help Brazil until the Government produces a comprehensive strategy to deal with its domestic economic problems, soaring interest rates and hyper-inflation.

Negotiations on a debt rescheduling between Mr Francisco Goss, the Brazilian central bank president, and the 14-member committee of creditor banks are scheduled to resume on Friday.

Mr Funaro is expected to meet senior bankers in New York before attempting to rally support from fellow politicians at this week's interim meeting of the International Monetary Fund (IMF) in Washington. But he appears determined to keep his distance from the talks with the bank committee to remain consistent on his point of principle that a political solution to the debt question is needed.

Since Brazil indefinitely suspended its interim payments on some \$65bn of medium and long-term loans in February, little progress has been made on how to resolve the crisis. Last week, Mr Funaro outlined a strategy on debt to Brazil's ruling Democratic Movement Party (PMDB).

It stated that the country would need about \$20bn in new money over the next five years to achieve target growth averaging 7 per cent annually.

The plan, which received a mixed reception from politicians, had little to do with the economy.

There is considerable concern among the larger banks that smaller creditors might attempt to write off their liabilities rather than come forward with new money. Last week several leading US banks began reducing the status of their Brazilian loans to a "non accrual" basis after US Government regulators declared the country's credit rating to be "sub-standard".

Some bankers believe that if next Friday's meeting has not been announced promptly certain banks might have demanded that the authorities take action against Brazilian banks in the US.

The next deadline falls on April 15, when rolled over 1986 interest again falls due.



Transkei expels white officers

BY ANTHONY ROBINSON IN JOHANNESBURG

A GROUP of former white Rhodesian army officers and Selous Scouts who for the last five years have master-minded the development of the Transkei army were expelled from the nominally independent black homeland over the weekend.

Their arrest early on Friday and subsequent expulsion appear to be the last in a long running feud between Transkei and the neighbouring Xhosa-speaking homeland of

Ciskei. The two are separated by a narrow corridor of "white" South Africa.

The advisers' expulsion follows a visit to Umtata, the Transkei capital, two weeks ago by a top level South African delegation. Its members included Mr Pitsi Botha, the Foreign Minister, General Magnus Malan, State Deputy Minister and Mr Adrian Vlok, the Minister for Law and Order. They went to Umtata as part of a long

running South African diplomatic effort to mediate between the leaders of the two feuding homelands.

The feud first broke into the open last September when two groups of armed white men, believed to be former Selous Scouts working for the Transkei defence force, freed Mr Charles Sebe the former Ciskeian minister of security from a Ciskeian prison and took him back to the Transkei.

Refugees for the last five months.

It was the fifth relief convoy to reach Bourj al-Barajish. An attempt to supply 4,000 refugees in the nearby Shatila camp ended in bloodshed on Friday when a truck carrying food provided by Saudi Arabia was destroyed by a rocket.

Two children were reported killed and seven wounded in the attack.

Food trucks enter besieged Palestinian refugee camp

SIX TRUCKS laden with food, clothes and blankets donated by Kuwait drove into a besieged Palestinian refugee camp in Beirut yesterday. Rester reports from Beirut.

Syrian military observers watched as the supplies given by the Kuwait Government arrived. They were delivered to Bourj al-Barajish, where Shi'ite Moslem Amal militiamen have blockaded at least 12,000 refugees for the last five months.

April 6-8, 1987

The Sixteenth Annual Southeastern Conference

Atlanta, Georgia

American Home Shield	American Income Life	American Software	BellSouth
BEI Holdings	Big B	Birmingham Steel	Charter Medical
Citizens & Southern		Clairson International	Clayton Homes
The Coca-Cola Co.		Coca-Cola Enterprises	Computer Products
Digital Communications Assoc.		Electromagnetic Sciences	Family Dollar Stores
First Capital Holdings		First Financial Management	Florida Express
Flowers Industries	Gateway Medical	Graphic Industries	Hechinger Co.
Home Depot	Interface Flooring	Internet	KLLM Transport
Kincaid Furniture		Management Science America	Manor Care
Metropolitan Federal	Mobile Communications	Moore-Handley	Morrison's
National Data	National Service Industries	P.A.M. Transportation	
Parisian QMS, Inc.	Ryan's Family Steak Houses	SCI Systems	Scientific-Atlanta
Sensormatic Electronics	Shorewood Packaging	Signet Banking	Skywest, Inc.
South Carolina Federal	Southeast Banking Corp.	SouthernNet	SunTrust Banks
TCBY Enterprises	Tech Data	Werner Enterprises	The A. L. Williams Corp.

Plus: Leading Market Technicians Robert Nurock and Robert R. Prechter, Jr.

The Robinson-Humphrey Company, Inc.

Member New York Stock Exchange, Inc.

A Division of Salomon Brothers Inc.
An American Express Company

BALANCE SHEET 31 DECEMBER 1986

ASSETS	US\$	LIABILITIES	US\$
Cash and due from banks	3 539 115	Time Deposits	767 337 525
Banks Time Deposits	366 125 075	Call Deposits	8 644 217
Loans	373 156 069	Other Liabilities	17 038 248
- Short Term	72 131 000	TOTAL LIABILITIES	793 019 990
- Medium Term	256 845 907		
- Long Term	44 179 162		
Investment Portfolio	109 929 484	Share Capital	25 000 000
Other Assets	9 701 506	Reserves	20 184 728
Fixed Assets	193 469	- Statutory Reserve	3 398 473
		- General Reserve	16 786 255
		Subordinated Loan	24 440 000
		TOTAL CAPITAL FUNDS	69 624 728
TOTAL	862 644 718		
COMMITMENTS AND CONTINGENT LIABILITIES			
Guarantees & Irrevocable Letters of Credit		US\$ 37 094 396	
Undrawn Loan Commitments		US\$ 3 373 925	
Foreign Exchange Contracts		US\$ 65 992 197	
Financial			

EEC to press on with capital liberalisation

By QUENTIN PEER IN BRUSSELS

Finance ministers of the EEC have set themselves a timetable for the final phase of liberalising capital movements between the 12 member states and reinforcing the operations of the European Monetary System linking their currencies.

A broad measure of agreement emerged at weekend talks in the Belgian seaside resort of Knokke on the need for closer co-ordination of monetary policy in the Community, including the use of interest rate differentials to preserve currency stability within the EEC.

The Finance Ministers also agreed on the need to "democratis" realignments between the currencies within the EMS exchange rate mechanism, and discourage speculators in the foreign exchange markets.

There was considerable more consensus among the 12, however, on the need to press ahead with full freedom of capital movements, than on the precise ways of strengthening the EMS.

Mark Eyskens, the Belgian minister currently in the chair of EEC Finance Ministers' meetings, announced that the minis-

Mitterrand may stand for second term

By David Housego in Lille

THE FRENCH Socialist party ended its three-day congress at Lille yesterday, having apparently resolved its differences over the choice of candidate for next year's presidential election and determined to give a distinctive left-wing image to its campaign platform.

The expected drafting this week of a charter of former socialist revolution onto the party's ruling national secretariat is likely to ensure that policies remain geared to a return to power and attracting centrist voters.

Two of the most left-wing members of the leadership—Mr Jean Poperen, the Number One in the party, and Mr Jean-Pierre Chevénement, the former Minister of Education—are unlikely to be included in the new secretariat, which will be limited to 12 members of the party's day-to-day team.

A formal decision over the candidate was avoided, but the tumultuous applause that accompanied references to Mr Mitterrand—along with his own increasingly active political agenda—is building up a momentum towards his standing for a second term.

If he should decide against this, Mr Michel Rocard, former Minister of Agriculture, was implicitly designated by the congress as its second choice.

The congress took place against the longest period of a party convinced it stands a chance of winning next year's presidential contest.

Reflecting this feeling, Mr Lionel Jospin, the first secretary, proclaimed they would return to power because of the divisions in Mr Jacques Chirac's right-wing coalition and their own strength.

The congress showed clearly where it wanted the emphasis in the platform to be put. In economic terms, it wanted to penalise the gains made on the French stock market with the introduction of a wealth tax.

But much of the pressure centred on reverting Mr Chirac's record on social and human rights issues—mainly maintaining a social welfare system that protected the less well-off, according to guaranteed citizenship to second-generation immigrants, and preventing high-handed action by the police.

Three of these expulsions were revealed on Thursday but a further three were kept secret until yesterday in an effort to prevent a worsening of relations with the Soviet Union.

Among the three expelled on Thursday was Mr Valeri Konarov, the assistant attaché, who is said to have managed the recently recovered network of intelligence on the motors of the Ariane space rocket and other French high technology industries in Normandy.

French officials believe the Soviet Union has responded on a tit-for-tat level by choosing French officials of comparable rank to the Russians expelled.

Hussein due in Brussels today

By Andrew Gowers

KING HUSSEIN of Jordan is due to visit Brussels today for talks with the Belgian Government, which currently holds the EEC presidency, on the prospects for an international conference on the Middle East.

The king is trying to underline his wish that Europe should take a stronger role in the Middle East peace process, in the absence of any action by the US.

He is also planning to pay a private visit to London later in the week.

To emphasise his displeasure with the US, he has turned down an invitation from President Ronald Reagan to visit Washington.

Expulsions unlikely to hit Chirac's Moscow visit

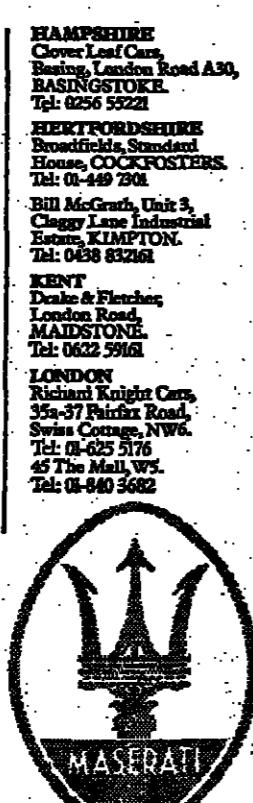
By DAVID HOUSEGO IN PARIS AND PATRICK COCKRUM IN MOSCOW

THE EXPULSION of six French officials from the Soviet Union was seen yesterday as unlikely to put at risk the planned visit by Mr Jacques Chirac, the French Prime Minister, to Moscow in May.

An official statement from the Ministry of Foreign Affairs regretted the move which it described as an act of "pure retaliation" against four diplomats and two representatives of French economic interests who had been solely carrying out their official duties.

The expulsions were in response to the French Government ordering the departure from Paris of six Soviet diplomats accused of espionage activities.

You're much closer to driving one of the new Maseratis than you thought.



MASERATI

The new Maserati Biturbo range.
Priced from £24,795 to £28,795

All prices include VAT and are correct at time of going to press. Prices exclude number plates, road tax and delivery.

Maserati (UK) Ltd, London House, 24-40 Kensington High Street, London W8 4PF Tel: 01-938 2222

OVERSEAS NEWS

Peter Wise and Diana Smith assess the crisis caused by the Lisbon Government's fall

Soares under pressure for early elections

PRESIDENT Mario Soares will begin consultations today to resolve the crisis provoked by the fall of Portugal's conservative Government, under strong pressure to call a general election more than two years ahead of schedule.

The political upheaval caused by the collapse of the 17-month-old government has overshadowed a state visit by President François Mitterrand of France who arrives today for what should be a strengthening of Portugal's role within the European Economic Community.

The expected drafting this week of a charter of former socialist revolution onto the party's ruling national secretariat is likely to ensure that policies remain geared to a return to power and attracting centrist voters.

Two of the most left-wing members of the leadership—Mr Jean Poperen, the Number One in the party, and Mr Jean-Pierre Chevénement, the former Minister of Education—are unlikely to be included in the new secretariat, which will be limited to 12 members of the party's day-to-day team.

But the centre-left Democratic Renewal Party (PRD) that presented the motion will almost certainly urge the President to sanction the formation of a left-wing coalition led by the Socialists, the main opposition party, from within the existing parliament.

The Socialist and Communist parties backed the motion to defeat the Government, supported by the small Christian



President Soares ... opposed to Communists



Mr Cavaco Silva ... resignation likely today

Democrat Party, by 134 votes to 108.

However, Mr Vitor Constante, the Socialist leader, has made clear his reluctance to head an insecure coalition with a rival party fighting for the same political ground.

The PRD, led by former President Antonio Ramalho Eanes, accused the Social Democrats of failing to make structural reforms needed for modernisation and seeking to restore a powerful capitalist elite by "concentrating capital in the hands of a few and subordinating political to economic power."

The Prime Minister, increasingly popular after leading the country out of a deep economic recession, is pressing for an election to be held simultaneously with voting in Portugal for the European Parliament. Social Democrat leaders have indicated July as a suitable date.

Mr Cavaco Silva, a champion

of free enterprise, is widely credited with restoring investors' confidence in an economy that has expanded at one of the fastest rates in Europe over the past 18 months, in a recovery fuelled by cheaper oil and a weaker dollar.

When elections eventually occur, Mr Constancio and the Socialists could expect to pay a heavy forfeit for cobbling together a non-elected government.

Ex-President Eanes' bid for a share in power is a threat to the prestige of his two arch-rivals, Mr Soares, who has clashed for years with the former Head of state, and the Socialists, who lost ground in 1985 to the PRD and had just begun to regain it.

The census vote also served to punish Mr Cavaco Silva for his adamant refusal to reward PRD tactical support in Parliament in 1986 with jobs or legislative compromise. Mr Cavaco Silva has been unsinkable in his belief that his party must go it alone, towards a day when it can win a clear majority.

A left-wing coalition, however, would have to rely on support of the hard-line Communists.

Mr Soares will lead a successful campaign against the Communists if he can win a clear majority. The timing of the census vote has been seized on by analysts in Lisbon to suggest that, in the long run, Gen Eanes may have done Mr Cavaco Silva a favour by provoking, rather than later, a crisis足以 to reward the ousted Social Democrats and punish the left when elections do come.

So is the 85 per cent of the electorate that does not vote communist. Should Mr Soares

win Saturday, he will be in a position to assert himself over the bigger Socialist party in what he called "a political game... of provoking a crisis to find out who leads the opposition."

The Prime Minister, increasingly popular after leading the country out of a deep economic recession, is pressing for an election to be held simultaneously with voting in Portugal for the European Parliament. Social Democrat leaders have indicated July as a suitable date.

In his closing speech to the Socialist Party's Congress in Rimini, Mr Coelho yesterday vaguely endorsed the idea of a "referendum majority" which

was floated on Saturday by Mr Claudio Moretti, his party's vice-secretary. He stressed that such a majority, which would include the Communist party and the far-left, would be unlikely to be able to sustain a coherent government.

In his closing speech to the Socialist Party's Congress in Rimini, Mr Coelho yesterday vaguely endorsed the idea of a "referendum majority" which

would be unlikely to be able to sustain a coherent government.

The parties have debated this point several times and a concession at this late stage by Mr Ciriaco De Mita, the Christian Democrat leader, would be a major blow to his authority and his party's credibility.

However, neither party seems ready to turn to the Communists as an alternative, least of all Mr Soares who was re-elected for the fifth time as Socialist leader on Saturday.

Christian Democrats may end support for Craxi

By JOHN WYLES IN ROME

ITALY'S political crisis moves into a probably decisive phase this week amid maximum confusion. Open warfare between the two major governing parties—the Christian Democrats and the Socialists, means that the government led by the Socialist Mr Bettino Craxi may fall before it faces parliament in a vote of confidence on Wednesday or Thursday.

Although the vote has been

requested by President Cossiga, the Christian Democratic leadership which meets today will discuss without consulting the minority parties—the Christian Democrats and the Socialists, means that the government led by the Socialist Mr Bettino Craxi may fall before it faces parliament in an early general election unless the Socialists could persuade the President that there is a parliamentary majority in favour of holding referenda on nuclear energy and judicial reform.

However, such a majority, which would include the Communist party and the far-left, would be unlikely to be able to sustain a coherent government.

This is likely to precipitate an early general election unless the Socialists could persuade the President that there is a parliamentary majority in favour of holding referenda on nuclear energy and judicial reform.

In his closing speech to the Socialist Party's Congress in Rimini, Mr Coelho yesterday vaguely endorsed the idea of a "referendum majority" which

would be unlikely to be able to sustain a coherent government.

The parties have debated this point several times and a concession at this late stage by Mr Ciriaco De Mita, the Christian Democrat leader, would be a major blow to his authority and his party's credibility.

However, neither party seems ready to turn to the Communists as an alternative, least of all Mr Soares who was re-elected for the fifth time as Socialist leader on Saturday.

The Journal. Long Valued
For its Stories.
And Quickly Appreciated
For its Summaries.

* * *

* * *

What's News

Business and Finance

BRAZIL FAILED to persuade Britain to support concessions from Western countries to solve the Latin American nation's foreign-debt crisis. Ambidextrous European reaction. French officials told visiting U.S. envoys they had strong reservations about Giscard's proposal to rid Europe of intermediate-range nuclear missiles. Foreign Minister Raymond Barre and U.S. presidential arms negotiator Paul Nitze agreed to meet again with military balance in Europe. France wants a U.S.-Soviet arms deal to be global, he said. U.S. and Soviet negotiators had been meeting in Geneva since last week as the Soviets presented their proposal. The two sides extended talks indefinitely and U.S. officials were working on a draft treaty. (Story on Page 2)

SHV MANAGERS increased a 1986 billion bid for 50 per cent of Imperial Continental Gas Association's shares. SHV, which already has a 4.9% stake in IC Gas, said it doesn't intend to increase its holding above 27.5%.

The bid for IC Gas entered its final phase as companies submitted bids for the British telephone equipment market. Major bidders include Siemens of West Germany and AT&T and Philips.

ENCA agreed to buy 85% of EMG Holdings for about \$70 million. The stake in New York firm would give the U.K. company a big presence in the U.S. government-equipment market.

AIA bid for Japan Fund assets was made by a U.S. group that proposed to pay about \$385 million. The group includes T. Boone Pickens III, whose could signal similar restructuring of other classmate country funds.

Japan pound rose steadily, advancing two cents against the dollar to 158.60 from 157.94 Friday. The yen also gained against most other major currencies, rising to 1.8700 Deutsche marks from

It takes time to appreciate the scope of The Wall Street Journal/Europe's international business reporting.

About two minutes.

That's how long it takes to scan the front page summaries of business news and world affairs.

In these few moments you will gain a clear impression of what's going on in the business world today.

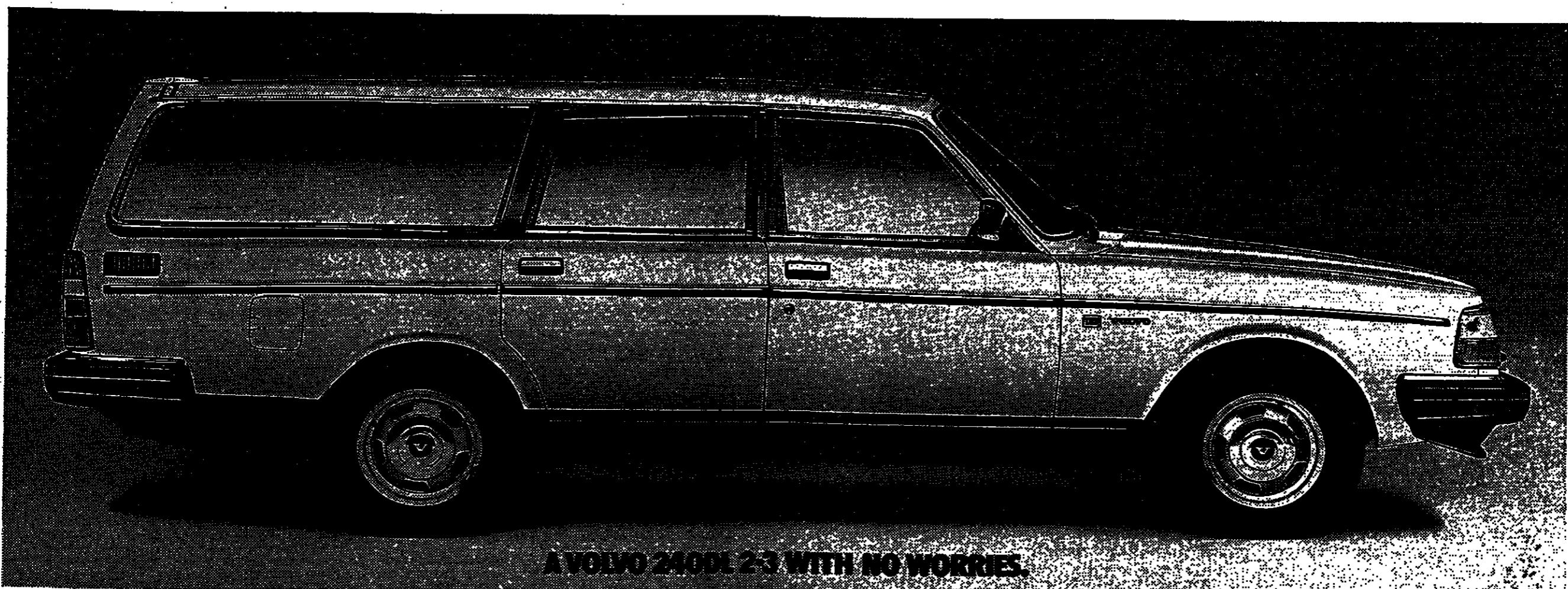
At the same time, you can note the stories you'd like to read in full.

We could hold forth at length on the advantages of this arrangement, but we won't.

If you want the full story, turn to page 1 of today's Journal.

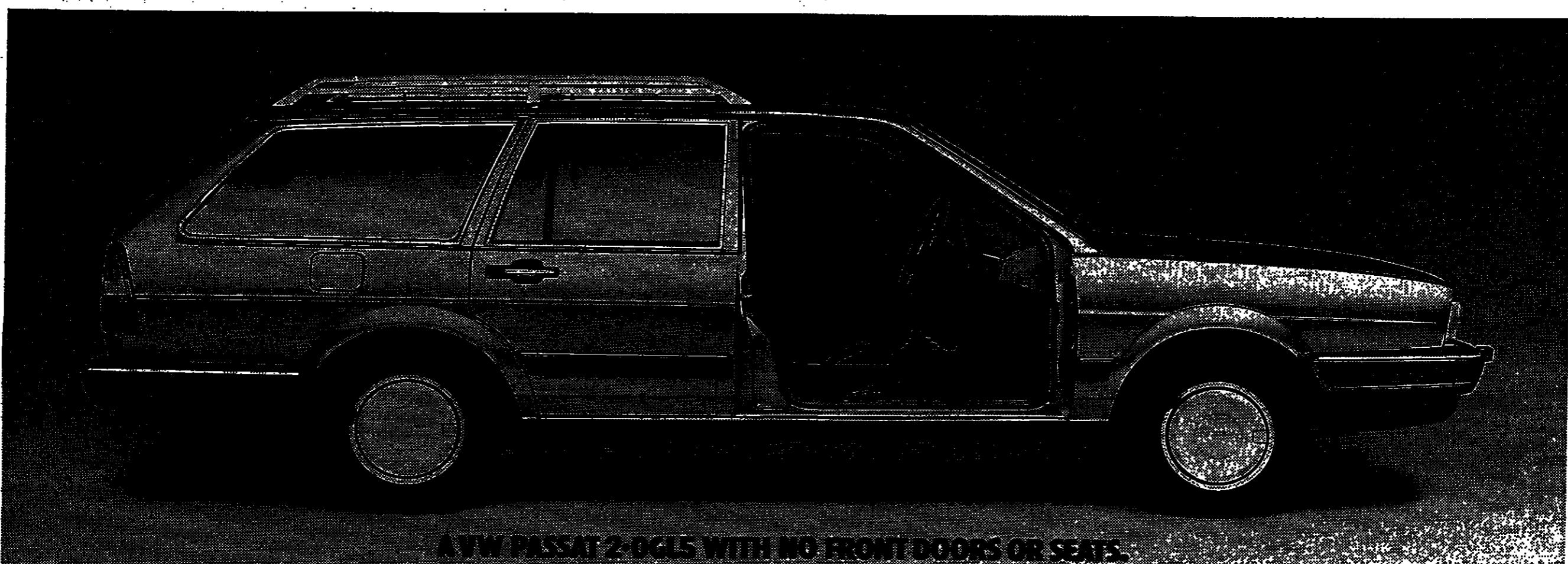
* * *

**THE WALL STREET JOURNAL.
EUROPE**

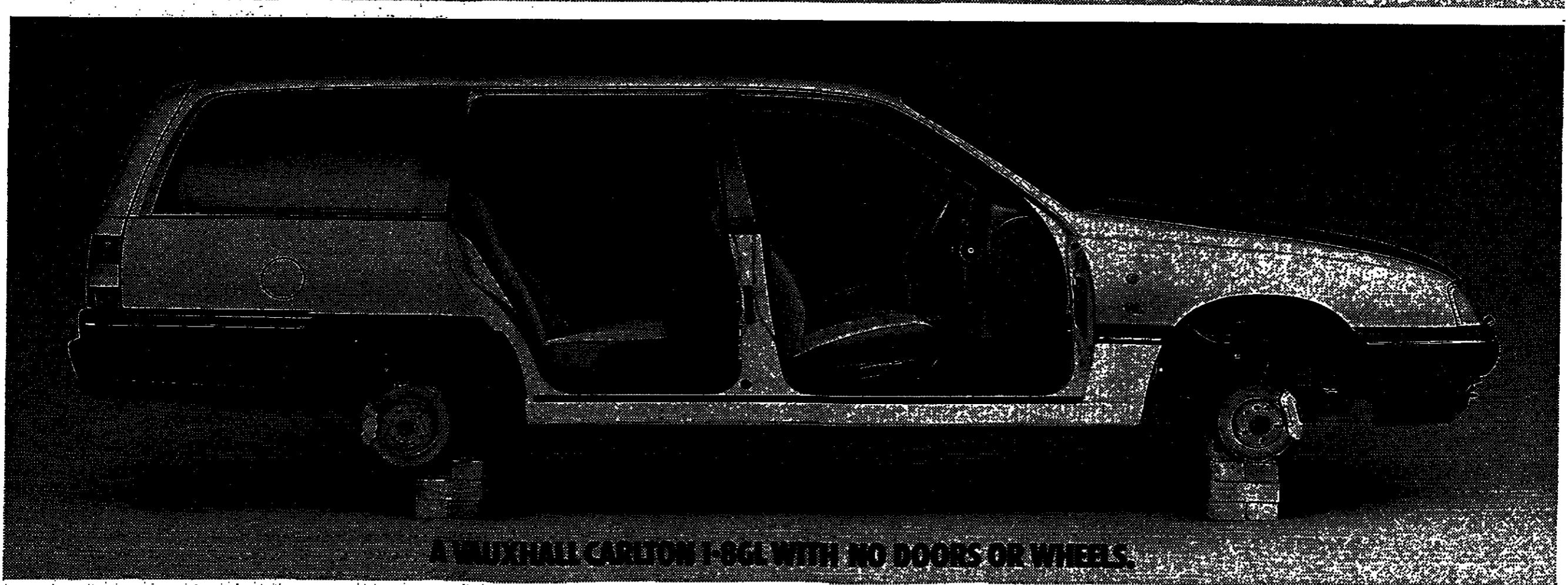


A VOLVO 240 DL WITH NO WORRIES.

£9,645 WILL BUY YOU COMPLETE PEACE OF MIND. OR A PIECE OF THE COMPETITION.



A VAUXHALL CARLTON 1.8GL WITH NO FRONT DOORS OR SEATS.



A VOLKSWAGEN PASSAT 2.0GL5 WITH NO DOORS OR WHEELS.

All of the Vauxhall Carlton 1.8GL costs all of £11,266. And the whole of the VW Passat 2.0GL5 makes an £11,262 hole in your pocket.

So how much of an estate car can you expect for £9,645? Every bit of the Volvo 240 DL.

It arrives complete with 13 layers of rust-resisting paint and primer, rigid steel safety cage and 20.7 years' life expectancy.

And as with all new Volvos, the 240 DL

is covered by our Lifetime Care scheme.

Central locking, power steering, heated driving seat and headlamp wash/wipe have not been omitted, you'll be pleased to hear.

However, we must admit to one yawning gap at the back - 75 cubic feet of luggage space with the rear seats lowered.

And as the Volvo offers so much more room than either the Carlton or the Passat,

you'd be well advised not to give an inch. Settle for nothing less than the whole estate.

To: Volvo, Springfield House, Princess Street, Bristol BS3 4EF
For a brochure, call 0800 400 430 free, or post the coupon.

Mr/Mrs/Miss _____ 26/06/F-15.

Address _____ Postcode _____

Telephone _____

THE VOLVO 240DL ESTATE £9,645.

This announcement appears as a matter of record only.

ECU 100,000,000

7 3/4% Depositary Receipts Due 1995

*Issued by the Law Debenture Trust Corporation p.l.c. evidencing entitlement to payment of principal and interest on deposits aggregating ECU 100,000,000 with***GARIPLO***Cassa di Risparmio delle Province Lombarde
(an Ente Pubblico Economico established in the Republic of Italy
performing general banking activities in accordance with Italian law)*

London Branch

Issue Price: 101 1/4%

Issue Date: 17th February, 1987

Société GénéraleBanca Commerciale Italiana
Banque Bruxelles Lambert S.A.
Crédit Commercial de FranceDie Erste Österreichische Spar-Casse-Bank
*Franz Auerbach Bank*Generale Bank
Mitsubishi Finance International Limited
Sauva International Limited
Sumitomo Finance InternationalBanca Mandatoria & Co.
Commerzbank Aktiengesellschaft
Deutsche Girozentrale
—Deutsche Kommunalfabrik—
Dresdner Bank AktiengesellschaftManufacturers Hanover Limited
Nomura International Limited
Sparkehrs SDS
Westdeutsche Landesbank-Girozentrale

February 1987

Drive to increase part-time working

By Charles Leadbeater

THE BRITISH Government will today launch an initiative to stimulate employers to create more part-time jobs. The scheme, to be called Job Share, will replace the Job Splitting Scheme, which has proved a limited success.

The Government hopes Job Share will be simpler to operate. It has also decided to increase the grant available to employers by £160 to £1,000.

Whereas the £240 grant available under the Job Splitting Scheme was paid in three equal tranches, the Job Share grants will be front-loaded with £500 paid on approval of a company's application. A further £200 will be paid after 26 weeks, and the remaining £300 at the end of the first year.

However, the scheme will retain many of the ingredients of the Job Splitting Scheme.

Employers can apply for the grant if they are dividing a full-time job into two part-time posts; creating two new part-time jobs, or amalgamating the overtime of two full-time jobs to create a part-time post.

The Government has given the scheme a budget of £700,000 a year. It expects about 2,000 people will be covered at any time, a significant increase on the number involved in the Job Splitting Scheme, which covered about 200 people last year.

The scheme is intended to encourage companies to create part-time jobs for workers other than married women who have taken many of the part-time jobs created in recent years.

The scheme will not offer grants to employers if they recruit unemployed workers who are not claiming unemployment benefit.

This is likely to mean that employers will not be able to use the grants to create part-time jobs for married women, since many of them do not claim unemployment benefit when they are out of work.

The Equal Opportunities Commission has criticised the Job Splitting Scheme because it says the scheme's rules discriminate against the employment of married women.

Employers may apply for the Job Share grant if they fill one of the part-time posts with an unemployed person claiming at a benefit office; someone leaving a Manpower Services Commission employment or training scheme; a full-time worker under notice of redundancy or two full-time employees.

It is certain that there are too many examples where credit is being overextended without proper checks being made on the likely stability of the borrower to repay him.

Sir Gordon added that "as some one said to me recently of a certain department store - they are giving away credit cards like sweets."

The OPT review, which will take about a year to complete, may include recommendations to the Government to tighten up the ease with which credit can be granted.

Employees generally have to work more than 16 hours a week to benefit from the provisions of the Employment Protection Act.

It is also likely to propose a national credit register, which would

Ulster plans first round of oil and gas licensing

By Lucy Kellaway

NORTHERN IRELAND is to announce its first round of onshore oil and gas licensing later this month, in a move designed to encourage exploration and correct the province's sole reliance on imported fuels.

The entire area will be made available with the exception of three blocks in the east, now licensed to small independent companies. The round has been made possible by the expiry of licences on some of the most attractive acreage in the south-west.

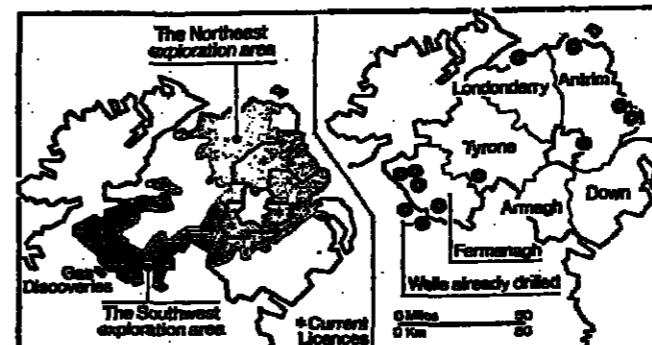
Northern Ireland remains a relatively unexplored area, despite the fact that companies started looking for oil and gas there in the 1950s.

Although only half a dozen wells have been drilled and although gas has been discovered, none of the finds has been commercial.

Mr Peter Viggars, a minister in the Northern Ireland office, said the round was a "well-organized attempt to interest bigger companies in Northern Ireland". He said that recent research commissioned by the Government indicated that there were several interesting prospects in the province that warranted exploration.

In the past the oil companies have been put off exploring in Northern Ireland by two geological problems. However, it now appears that neither need be as serious as the industry had thought.

The south-west exploration area has been the most extensively explored in Northern Ireland, al-



though even here only five wells have been drilled. Although most of these discovered some gas, the findings were in tight sands, meaning that the gas was difficult to recover.

However, wells drilled just over the border into the Republic of Ireland indicate that the wells, if stimulated, can produce much bigger flows.

In the larger area in the northeast, oil companies had been discouraged by a thick layer of volcanic rock at the surface, which it was thought seismic survey could not penetrate.

This partly explains why over a total area of 5000 square kilometres there has only been one well drilled. Recently, however, some seismic data has been successfully collected, proving that the problem is not insurmountable.

From this scarce data Robertson

Research has tentatively concluded that the geological conditions of the whole area are promising, with characteristics similar to those at the large Morecambe Bay gas field, the only producing field in the Irish Sea.

Mr Viggars, as an ex-oil man himself, is wise to dangers of getting too excited about an oil prospect. He says that his task at the moment is to interest the oil companies - which he evidently thinks is not going to be difficult - without getting the local population too excited.

At first the most that the region can expect will be a little well-heeled custom for the local hotels. Later on, if oil is found, Mr Viggars says it could be used directly by local industry, which relies entirely on imported fuels and expensive electricity.

That figure, Mr Johnson says,

was well behind the performance of the US and Japan, although about in line with the European Community average. The study shows that Britain has done better in terms of productivity than growth, but adds that the main reason is that unemployment in the UK has risen faster than elsewhere.

Unemployment is still "the dark side of the gold medal for manufacturing productivity". In the 1980s, the jobless total in the UK averaged only 1.9 per cent, the fourth best figure among leading industrial countries. By 1986 its unemployment rate of 11.5 per cent was the second-worst of the countries used in the comparison.

Mr Johnson also concedes that the Government has not done as well in bringing down inflation as most other industrial countries. The 3.4 per cent average in 1986 was higher than in seven of the 12 countries, and the rate is now on a rising trend.

A report today says that the recent appreciation of the pound owes more to the general stability on foreign exchange markets which followed February's Paris accord, than to a "re-rating" of the UK economy by international investors.

In its latest economic review, Alexander Laing and Cruickshank, a City of London securities house, says that any return to general instability on currency markets would leave sterling vulnerable.

The review says that Britain faces considerable inflation and balance of payments problems later this year and throughout next, which could be expected to put the pound under pressure.

British living standards 'lagging'

By Philip Stephens

LIVING standards in Britain have risen at the same rate as those in the US over the last 25 years but are still only two-thirds of the American level. Over the same period, West Germany, France and Japan have each in succession overtaken the UK, according to a study published today.

The study, by Mr Christopher Johnson, the chief economist at Lloyd's Bank, takes issue with the present Government's claim that it has presided over one of the fastest periods of post-war economic growth.

Mr Johnson says the Govern-

ment has claimed economic suc-

cess by citing a growth rate of 2.6

per cent a year over the past five

years, but that the choice of its

base year is misleading.

In any comparison with pre-

vious periods it was more correct

to include the recession years of

1980 and 1981 in the latest fig-

ures. Below fall by around 3.5 per

cent, their inclusion brings down

the annual growth rate to 2.4 per

cent.

That figure, Mr Johnson says,

was well behind the performance

of the US and Japan, although

about in line with the European

Community average.

The study shows that Britain

has done better in terms of pro-

ductivity than growth, but adds

that the main reason is that un-

employment in the UK has risen

faster than elsewhere.

Unemployment is still "the dark

side of the gold medal for manufac-

turing productivity". In the 1980s,

the jobless total in the UK aver-

aged only 1.9 per cent, the fourth

best figure among leading indus-

trial countries.

By 1986 its unemployment rate

of 11.5 per cent was the second-

worst of the countries used in the

comparison.

Mr Johnson also concedes that

the Government has not done as

well in bringing down infla-

tion as most other industrial

countries. The 3.4 per cent aver-

age in 1986 was higher than in

seven of the 12 countries, and the

rate is now on a rising trend.

A report today says that the re-

cent appreciation of the pound

owes more to the general stabil-

ity on foreign exchange markets

which followed February's Paris

accord, than to a "re-rating" of

the UK economy by international

investors.

In its latest economic review,

Alexander Laing and Cruickshank,

a City of London securities

house, says that any return to

general instability on currency

markets would leave sterlin-

g vulnerable.

The review says that Britain

faces considerable inflation and

balance of payments problems

later this year and throughout

next, which could be expected to

put the pound under pressure.

6th April, 1987

Universities urged to forge industrial links

By Peter Marsh

UNIVERSITIES should establish stronger links with industry to obtain a strategic view of the important issues of research and not only as a means to raise extra funds, says a study for the Manpower Services Commission.

According to the report, by Segal Quince Wicksteed, a Cambridge-based consultancy, the complexity of research in science and technology is such that universities will rarely have the resources, not only in terms of money but of expertise, to take an independent view.

The study appears at a time when Britain's 45 or so universities are increasing their efforts to collaborate

with industry. According to provisional figures from the University Grants Committee, in 1985-86 these institutions obtained industrial research contracts worth £25m, a 25 per cent increase on the year before.

As a proportion of total research contracts, most of which come from the Government's research councils, the sum of money raised from companies stayed roughly constant, at 14 per cent in 1985-86 compared with 13 per cent in the previous 12 months.

University-Industry Research Links and Local Economic Development, Segal Quince Wicksteed, 45 Castle St, Cambridge CB3 2AA.

The study appears at a time when

the UK's 45 or so universities are

increasing their efforts to collaborate

with industry. According to provi-

onal figures from the University

Grants Committee, in 1985-86 these

institutions obtained industrial

research contracts worth £25m, a 25

per cent increase on the year before.

As a proportion of total research

contracts, most of which come from

the Government's research coun-

cils, the sum of money raised from

UK NEWS

Ministry to order more Westland helicopters

BY DAVID BUCHAN

THE GOVERNMENT has somewhat widened the scope of the helicopter orders it will announce later this week from Westland, under increasing political pressure to help narrow the gap in the Yeovil-based company's order book.

Westland has an almost total dearth of production orders between 1985-1991, and the Ministry of Defence (MoD) had decided that the only order it could offer helio-gear Westland was for a utility or troop-carrying version of the EH101 helicopter. This is a £500m Anglo-Italian joint development by Westland and Agusta of Italy.

A prototype of the utility version of the EH101 will be rolled out at Yeovil in southern England on Tuesday in the presence of Mr George Younger, the Defence Secretary. It would be able to carry a platoon (around 30 men) at a time.

These helicopters are currently being built at Yeovil. The Sikorsky Black Hawk is also assembled there, but the MoD has no role for it.

A recent MoD study concluded that operations in central Europe required a larger troop-carrying ca-

pacity than is offered by either the Puma or Westland helicopters.

However, production of the EH101 - in either its utility or anti-submarine version, to which the Royal Navy is already committed - would not start until around 1990. The EH101 order alone, therefore, cannot help Westland avoid short-term cuts in its 4,000 workforce in the Yeovil helicopter division.

In the politically sensitive run-up to a general election, however, the MoD seems to have been prevailed upon to order a few extra helicopters, either for sea rescue, like the Sea King (though the MoD ordered an extra eight of these only last year) or for battlefield reconnaissance and liaison, like the Lynx.

To maintain a rough balance for each country between the number of helicopters it is buying and the amount of work it performs, Westland is therefore likely to carry out a larger share of work on the naval version of the EH101 than Agusta.

Building industry 'has improved significantly in last five years'

BY ANDREW TAYLOR

THE ABILITY of Britain's construction industry to build to time and within budget has improved significantly during the last five years according to a study of major developments completed since the end of 1981.

The study, by the National Economic Development Office (NEDO), covers all schemes completed by the engineering construction industry since the signing of a comprehensive pay and conditions agreement between unions and employers in September 1981.

It shows that out of 25 schemes, only one project was as much as five months late. The rest have either been completed largely on time or to the clients' satisfaction. Eight schemes had been completed under schedule and six were under budget.

The national pay and conditions agreement, which Nedo says is often mistakenly called the big site agreement, covers the building of power stations, chemical plants, oil refineries, gas installations, steel

works and process plant generally.

Among the industry's recent successes was the completion last year of the Drax B coal-fired power station at Selby in northern England which, according to the Central Electricity Generating Board, was finished seven months early and 15 per cent under budget.

Other successes included the completion in 1984 of ICI's nitric acid plant at Billingham on Teeside, 10 months earlier than the previous comparable project.

It also shows that out of 25 schemes only one project was as much as five months late. The rest have either been completed largely on time or to the clients' satisfaction. Eight schemes had been completed under schedule and six were under budget.

The national pay and conditions agreement, which Nedo says is often

mistakenly called the big site agreement, covers the building of power stations, chemical plants, oil refineries, gas installations, steel

works and process plant generally.

to less than 1 per cent on average, following the signing of the national agreement.

This replaced a series of separate and often complex negotiating arrangements with a single agreement including a nationally agreed basic wage, formalised arrangements for the payment of incentives, strict controls on overtime and greater use of shift working.

It also established a consultative framework for unions and employers to monitor the progress of the agreement and to resolve potential problems before they emerge on site. Conferences before work begins, involving clients, contractors, unions and designers, are often held for large or difficult developments.

The result has been a substantial improvement in the performance of the industry," says Mr Williams. "Several projects would probably not have been sanctioned but for the improvement in performance."

Industry let down by schools, say young

By Tony Jackson

THE UNDERPINNINGS of British industry are in bad shape, according to the nation's 21-year-olds. The educational system is wrong, social attitudes are wrong and British companies are making the wrong things the wrong way.

Judging by an essay competition set by the CBI on 'where British industry should go', recent experience of the educational system in particular has left scores to settle. Educational establishments must stop looking down on careers in industry. Teachers should spend time in industry themselves.

There should, according to one entrant, be a compulsory senior school examination entitled 'Industrial Awareness'. And teachers should be paid according to their abilities:

The entrants are unmistakably products of Mrs Thatcher's Britain. According to the £5,000 prize-winner Aron Miodownik, any plan for industry must take account of a society which "inevitably includes shirkers, ruthless egoists and the corrupt; one must beware of the kind of idealism that led to the debacle of the comprehensive educational system".

On the other hand, there is remarkable agreement in perceiving a central flaw in Britain's strategy for research and development - too much defence spending. This has lured away too many scientists and taken spending from the real growth market. It might even be necessary for the UK "to abandon some of its independent defence R&D and switch to foreign suppliers."

The essayists are on safer ground, with the CBI last year, in criticising the Government's attitude to industry. Policies on interest rates and taxation have not put industry first, the local rating system is unfair and the Government's economic perspective generally is too short-term.

"Pimpot areas where the key technologies will exist in the coming 25 years," says prize-winner Mr Miodownik. "This policy," he adds severely, "is far more realistic than keeping dying industries on an expensive life-support system."

Top Form - The Class of '86 Tells Industry Where to Go.' CBI Publication Sales, Centre Point, Oxford Street, London. Price £5.50.

The nation's most central location. No wonder Britain's moving our way.

No other development area comes close to Warrington-Runcorn for sheer centrality within the U.K.

North, South, East or West, the markets you need are easily accessible.

Glasgow and Southampton,

for example, are virtually equidistant at around 220 miles.

Bristol and Newcastle both clock in at 160 miles.

And you can get down to London in just 40 minutes.

In fact, Warrington-Runcorn's superb communications put 15 million

people within an hour's drive. What's more, we offer capital grants of the maximum 15% or £3,000 for each job created, for qualifying companies.

There's a skilled workforce on your doorstep, and a wide choice of fully-serviced units from 500 to 60,000 sq. ft.

Phone Eileen Bilton

now or write to her at The Development Corporation, P.O. Box 49, Warrington WA12 6LE.

She'll get more information moving your way.

WARRINGTON-RUNCORN

TELEPHONE EILEEN BILTON NOW.

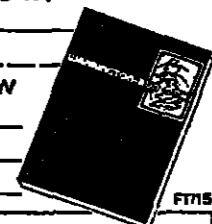
0925 33334

SEND FOR YOUR FREE FACT PACK NOW

NAME _____

ADDRESS _____

TELEPHONE _____



THE NATION'S MOST CENTRAL LOCATION

GIVE AS YOU EARN

Starting today we hope all employers will apply for this job.



What's tax-free,
painless and
heartwarming?



To: GIVE AS YOU EARN, Payroll Giving Services, Sterling House, 150-152 High Street, Tonbridge, Kent TN9 1BB

I would like further information about GIVE AS YOU EARN.

Name Mr/Mrs/Miss

Address _____

Post Code _____

FT 6487

THIS ADVERTISEMENT HAS BEEN SPONSORED BY THE FOLLOWING:
ALLIED DUNBAR CHARITABLE TRUST LTD • INVESTORS IN INDUSTRY • KLEINWORT & BENSON
CHARITABLE TRUST • LANSING BAGNALL LTD • MEYER INTERNATIONAL PLC
TAYLOR WOODROW GROUP • THE GUARDIAN AND MANCHESTER EVENING NEWS
WH SMITH AND SONS LTD

Any other travel money service could leave your building society highly strung.

At Thomas Cook Financial Services, we've no hang-ups about the sort of service we should offer to building societies.

For we specialise in travel money. Nothing more, nothing less.

We've no interest in current or savings accounts, loans or credit.

Our only concern is to provide you with a travel money package that combines simple administration with profitability.

The no-strings package includes the world's most welcomed and widest range of destination currency travellers cheques.

It provides fast and efficient delivery of prepacked foreign currency banknotes.

And it features personalised order forms, cheque covers, promotional literature and point-of-sale materials.

You cut the coupon. We'll swing into action - with all the facts.

To: Andrea Doyle, Sales Development Manager, Thomas Cook Financial Services Ltd, PO Box 36, Thorpe Wood, Peterborough PE3 6SB. Telephone (0735) 502795.

I'd like to know more about the Thomas Cook travel money service.

Name _____

Position _____

Company _____

Address _____

Telephone _____

Thomas Cook Financial Services, Travel money service with no strings.

Thomas Cook Financial Services

Member of The Thomas Cook Group Ltd

NEW ISSUES April 1, 1987



\$750,000,000

7.20% Debentures

Dated April 10, 1987 Due April 10, 1991
Interest payable on October 10, 1987 and semiannually thereafter.Series SM-1991-J Cusip No. 313586 WY 1
Non-Callable

Price 100%

\$750,000,000

7.65% Debentures

Dated April 10, 1987 Due April 11, 1994
Interest payable on October 11, 1987 and semiannually thereafter.Series SM-1994-A Cusip No. 313586 WZ 8
Non-Callable

Price 99.875%

The debentures are the obligations of the Federal National Mortgage Association, a corporation organized and existing under the laws of the United States, and are not obligations or obligations in respect of Section 504(b) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.)

This offering is made by the Federal National Mortgage Association through its Senior Vice President-Finance and Treasurer with the assistance of a nationwide Selling Group of recognized dealers in securities.

Debentures will be available in Book-Entry form only.
There will be no definitive securities offered.

Gary L. Perlin
Senior Vice President-Finance and Treasurer

3600 Wisconsin Avenue, N.W., Washington, D.C. 20006

This announcement appears as a matter of record only.

Linda K. Knight
Vice President and Assistant Treasurer

3600 Wisconsin Avenue, N.W., Washington, D.C. 20006

This announcement appears as a matter of record only.

This advertisement does not constitute an invitation to any person to subscribe for or purchase shares. Application will be made to the Council of The Stock Exchange for the ordinary share capital of Waterglade International Holdings plc, issued and to be issued, to be admitted to the Official List.

WATERGLADE
INTERNATIONAL HOLDINGS plc
(INCORPORATED IN ENGLAND REGISTERED NO. 1711822)

—Placing by—
BROWN, SHIPLEY & CO. LIMITED

of

5,000,000 Ordinary Shares of 5p each at 140p per share

—Share capital—

Authorised £1,450,000
Ordinary Shares of 5p each £1,083,033

The Waterglade Group is engaged in property development, trading, investment and project management. The Placing consists of 25 per cent. of the 5,000,000 Ordinary Shares being placed through Hoare Govett Limited and 25 per cent. through Heesell, Moss & Co. and Sirling Hendry & Co. as part of the Placing arrangements.

Listing Particulars relating to the Company are contained in new issue cards circulated by Exetel Statistical Services Limited and copies of the Listing Particulars may be obtained during normal business hours, up to and including 24th April, 1987, from:

Brown, Shipley & Co. Limited,
Fountain Court, Lombury, London EC2R 7HE

HOARE GOVETT LIMITED,
4 Broadgate, London EC2M 7LE

HEESELL, MOSS & CO.,
Durant House, 8-13 Chiswell Street, London EC1Y 4YF

SIRLING HENDRY & CO.,
Exchange House, 16 Royal Exchange Square, Glasgow G1 3AD

and, during normal business hours on 7th and 8th April, 1987, from:

THE COMPANY ANNOUNCEMENTS OFFICE,
The Stock Exchange, Throgmorton Street, London EC2P 2BT

6th April, 1987

In the world of ADRs, the difference is Irving Trust.

And this difference is the more than 50 years' experience that translates into reliability, responsiveness and a customized-service capability that sets Irving Trust apart from everyone else. For more information, contact Ralph A. Marinello, Global Business Manager, at Irving Trust, One Wall Street, New York, NY 10015, 212/635-8699. Other offices located in London and Tokyo.



Irving Bank
Corporation

Shopping ‘important leisure activity’

By David Churchill

SHOPPING HAS become a major leisure activity and is partly responsible for the buoyancy of spending in the shops in recent years, a report from the Mintel market research company says. It takes a detailed look at what motivates consumers when seeking a "day out".

The Mintel researchers found that – along with the traditional day-trip to the seaside – a day-out to a large shopping centre in a town or city was considered the most popular way of spending leisure time.

According to the Mintel research, shopping and seaside trips were considered twice as popular as a visit to the countryside or sporting event.

"The concept of shopping as a leisure activity is one that has developed alongside the growth of shopping precincts, superstores, and garden centres over the last 15 to 20 years," says the report.

It adds that "visits to all types of shopping locations have become a major leisuretime activity and have helped fuel the continuing consumer boom of recent years."

Mintel also points out that "the much-maligned British seaside resorts" have managed to retain their popularity as a day-out location by working hard to create attractions to keep visitors happy when the British weather fails.

Mintel's research into the day-out leisure market reveals that nine out of every 15 adults in the UK go on at least one "day out" each year, with the average closer to 20 to 25 days out.

The report estimates that the value of the day-out market last year – covering travel costs, food and drink, and entertainment – could make it worth as high £10bn.

However, Mintel suggests that the UK travel industry does not consider days out as a major market. "Discussions with operators suggest that many travel agents play little or no part in it and there is a degree of feeling that their attitude is not sufficiently positive in view of the potential business," says Mintel.

• Men are increasingly behaving more like women when buying consumer goods, creating a new marketing sector called – in the jargon of the trade – the "femail consumer".

The discovery of this new consumer trend – revealed by Mr Gerard O'Neill of the Henley Centre for Forecasting – threatens to cause a major re-think in the way marketers sell fast-moving-consumer goods to the public.

"It will have wide-ranging implications for consumer markets, consumer behaviour and consumer expectations," explains Mr O'Neill.

"Already it is clear that business will need increasingly to respond to changes in consumer behaviour in the home," he adds.

The emergence of the "femail consumer" is a result of a number of changing trends. For men in particular, work is seen as of diminishing significance due to early retirement, unemployment, and a shorter working week.

As a result, men are often more involved in the home and family than before – making them a significant factor when determining purchases for the home.

The Day Out Business: Mintel, 7 Arundel Street, London WC2R 2DR; Price £495.

● FT LAW REPORTS

Broker can sue over retrocession deal

TRANSCONTINENTAL UNDERWRITING AGENCY v GRAND UNION INSURANCE CO LTD AND ANOTHER

Queen's Bench Division (Commercial Court): Mr Justice Hirst: March 31 1987.

AN AGENT or broker who signs a retrocession agreement is entitled to sue personally and to hold the proceeds as fiduciary for his principal unless the agreement, construed as a whole, shows a contrary intention.

Mr Justice Hirst so held when allowing an appeal by the plaintiff, Transcontinental Underwriting Agency, from an award on a preliminary point in an arbitration arising out of retrocession agreements made between Transcontinental and Grand Union Insurance Co Ltd and PT Reassuransi Umum Indonesia as retrocessionaires.

[A retrocession agreement is a contract by which one reinsurer insures the reinsurance interests of another reinsurer.]

The insurer is called a "retrocessionaire" and the insured is called a "retrocedant".

HIS LORDSHIP said the case turned on two retrocession agreements in identical form made by Transcontinental and Grand Union and Reassuransi respectively as retrocessionaires.

The question was whether Transcontinental, which was managing agent of a retrocession pool, was entitled to sue under the agreements.

The agreements named Transcontinental as retrocedant. The preamble stated "whereas the retrocedant accepts reinsurance business in all classes . . . and the retrocedant wishes to retrocede a certain portion of such reinsurance acceptances."

Article 1 provides "this agreement embraces all reinsurance accepted by the retrocedant." Article 3 provided "the liability of the retrocessionaires . . . shall commence simultaneously with that of the retrocedant and shall be identical."

The basis of the arbitrators'

award was that as a retrocession agreement was a form of insurance contract under which a reinsurer insured the liability of another reinsurer, the parties to the agreement by definition must be entities carrying on reinsurance business in the sense of being risk-takers. They said the nature of a retrocession agreement indicated that it was not entered into as principal by anyone, such as Transcontinental, who was not a reinsurer.

His arguments were fallacious. The authorities showed conclusively that where an agent signed an agreement without any qualification he was personally liable unless a contrary intention appeared on the instrument. Mr Cordara's construction did such violence to the plain wording of the agreement taken as a whole as to be totally unacceptable.

The rule is that Transcontinental contracted personally in no way excluded the members of the pool, as unnamed principals, from having the right to sue or be sued.

It followed that on the proper construction of the agreement Transcontinental was a party and was entitled to sue and be sued. On that ground alone the appeal succeeded.

The second question was whether Transcontinental, as broker, was in any event entitled to claim on behalf of its principals, in the capacity of fiduciary agent.

Mr Mance submitted that it was well-established that an agent of a principal who effected insurance in his own name, with or without authority, denoting the existence of his principal, could recover in his own name the full amount of the loss, holding it in his fiduciary capacity for the principal.

Arnold on *Marine Insurance* 16th ed para 1354 stated: "An action on a policy may be brought in the name of a broker or other agent who has effected it in his own name."

In *Lloyd's v Harper* (1860) 16 Ch D 290 Lord Justice James said: "Nobody ever supposed that a broker could not sue on a policy for the benefit of the persons interested." And in *Woodes* [1980] 1 WLR 277 the House of Lords was unanimous in the view that an agent such as an insurance broker, was entitled by virtue of his authority to sue on behalf of his principal, and to hold the proceeds as a fiduciary on the principal's behalf.

Mr Cordara submitted that the authorities should be interpreted very narrowly as applying only to contracts of marine insurance, unless it appeared expressly from the terms of the policy that the insurance was undertaken on behalf of another.

He relied on the *Albozero* 1977 AC 774, 846 where Lord Diplock cited by way of example the rule that it was the right of an assured to recover insurance on goods on behalf of anyone who might be entitled to an interest in the goods, provided that it appears from the terms of the policy that he intended to cover those interests.

That rule, he said, with regard to marine insurance, was incorporated in the Marine Insurance Act 1906.

The authorities, and in particular *Wooder* and *Lloyd's*, did not support any such circumspection of the general principle. The statements in those judgments were general, and neither was a marine insurance case.

There seemed no logical reason for drawing some special distinction between marine and non-marine insurance in the present context.

Nor was there any justification for requiring any express provision as to the generality of the principle as to the broker's capacity, since *ex hypothesi* a broker was acting on behalf of principals. Where, on the other hand, an assured sought to claim on behalf of others with an interest in the same goods, as in the example in the *Albozero*, a provision that he intended to cover those interests was of course essential to bring them within the scope of the policy.

Mr Mance's submission as to the generality of the principle was therefore allowed. The appeal was allowed.

For Transcontinental: Jonathan Mance QC (Norton Rose Botterill and Roche).

For the retrocessionaires: Roderick Cordara (Ince and Co).

By Rachel Davies
Barrister

THE FIFTH FT MANUFACTURING FORUM

Implementing the right manufacturing strategy for competitive advantage will be the subject of the Financial Times fifth Manufacturing Forum to be arranged in association with Coopers & Lybrand Associates on 6 & 7 May in London at the InterContinental Hotel. Key issues to be addressed:

- Determining the right strategy for competing in world markets
- Designing a product for ease of manufacture
- The importance of quality to competitiveness
- Maintaining the skill and morale of the workforce
- New approaches to measuring and evaluating the performance of manufacturing operations
- Practical JIT and Computer Integrated Manufacturing

Speakers include:

Dr John Pendlebury
Coopers & Lybrand Associates

Mr Charles McCaskie
Baker Perkins PLC

Dr John Parnaby
Lucas Industries plc

Mr Ian Gibson
Nissan Motor Manufacturing (UK) Limited

Mr Ted L Marston
Cummins Engine Company, Inc

Mr David Yewell
Hewlett-Packard

Mr Tony Abbott
Hardy Spicer Ltd

Mr Murray Reichenstein
Ford of Europe Inc

Please send me further details of
THE FIFTH FT MANUFACTURING FORUM

To: Financial Times Conference Organisation
Minster House, Arthur Street, London EC4R 9AX
Tel: 01-621 1355 Fax: 27347 FTCONF G Tel: 01-623 8814

Name: _____

Position: _____

Company: _____

Address: _____

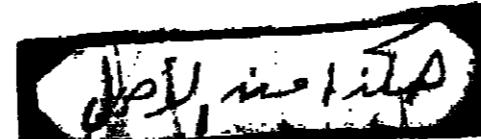
Tel: _____ Fax: _____

Type of Business: _____

THE FIFTH FT
MANUFACTURING
FORUM
in association with
Coopers & Lybrand Associates
FinTech 4 - AUTOMATED FACTORY

Irving Bank
Corporation

Irving Trust



HOW LONG CAN YOU GO WITHOUT SLEEP?

Flying all the way to Australia can be a real pain down under. The seats in an aeroplane - whatever some airlines might claim - hardly resemble your bed. And the cabin certainly doesn't compare with your bedroom. When you ought to be fast asleep at home, you'll be high above The Persian Gulf and the sun will be streaming in through the windows.

And by the time you actually get to Australia you'll have passed through 12 time zones and your internal clock will be all over the place.

So the problem isn't simply not sleeping on the plane, it's not sleeping once you're off the plane. And then what condition will you be in to do business?

IF YOU CAN'T SLEEP, RELAX

There's no point losing sleep over not sleeping. Not many people can sleep on a plane - at least not the deep sleep they need to feel refreshed.

But being able to relax is the next best thing. You may then be able to take a number of short naps, or just switch off.

You can give yourself a head-start by checking in at the airport early. Then you can choose the seat you prefer - by a door for instance, or the aisle. (If you're flying Qantas' First or Business Class you can choose your seat in advance, on the phone. And when you get to the airport, you can relax in the Club room until your flight is called.)

Once you're on the plane, there are a number of things you can do, some of which you probably do already.

Wear loose-fitting clothes. Take off your shoes and wear slippers, since feet and ankles swell during flight.

(Qantas provide slip-overs to save your socks.)

from the cabin, and possibly to save the cabin from your socks. We also give you a shoe-horn to help you get your shoes back on once you've landed.)

Take some exercise:

do a few isometrics

in your seat

and stroll around

the cabin from

time to time.

Read or listen to music until you start to drop off. Then watch the movie. (That should do it. While Qantas get the most up-to-date films, we can't predict their snooze rating.)

Socialise; or better still, travel with someone. (Although jet lag tests have shown the benefits of having a travelling companion, there is as yet no scientific proof that taking your secretary is essential to corporate health.)

HOW LONG CAN YOU GO WITHOUT SLEEP?

DOES FLYING

WITH QANTAS

MAKE ANY

DIFFERENCE?

We think so, but then we would say that, wouldn't we?

(In a recent airline poll conducted by Australian Business magazine, frequent Australian business travellers voted Qantas top in both First and Business Class)

- ahead of Singapore Airlines (2nd),

Cathay Pacific (4th),

and British Airways (10th).

But then they would say that, wouldn't they?)

However, we do fly more people to and from Australia than any other airline.

And we've been flying longer flights longer than any other airline. (In fact, after KLM we've been flying passengers longer than anybody, and we were the first to offer a separate Business Class.)

So we think we've picked up a thing or two, not just about flying, but about flying long distances, and you can rest assured we do everything we can to help you rest at ease.

For example, on the upper deck in Business Class you get two seats to a row with 38" between headrests in the upright position. In First Class, the seats are the nearest you'll get to a bed. (You pay your money...) In both classes, the all-wool blankets and the linen pillows are the largest in the sky.

And though it's hard to be objective about service we believe ours is friendly and efficient, as you might expect from Australia's national airline. While some of you might temporarily miss an oriental Miss, our cabin crew more than compensate with their common sense, conversation, sense of humour and knowledge of the cricket scores.

Of course, you can only agree with us if you try Qantas for yourself.

Until you do, why not sleep on it?

QANTAS Business Travel*

* Some of the details apply to First and Business Class.

NOTICE OF REDEMPTION
To the Holders of

IC Industries Finance Corporation N.V.

14% Guaranteed Notes Due 1999
Guaranteed as to Payment of Principal, Premium and Interest by IC Industries, Inc.

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the 14% Guaranteed Notes Due 1999 (the "Notes") and the Fiscal and Paying Agency Agreement dated as of May 25, 1985 among IC Industries Finance Corporation N.V., IC Industries, Inc. (the "Guarantor") and The Chase Manhattan Bank, N.A. (the "Fiscal and Paying Agent"), the Notes will be paid in full on April 1, 1999 at a redemption price of 100.5% of the principal amount thereof (the "Redemption Price").

On the Redemption Date, the Redemption Price will become due and payable on the Notes and the Noteholders will present and surrender the Notes, together with all appropriate coupons maturing subsequent to the Redemption Date. On and after the Redemption Date, interest on the Notes will cease to accrue.

Notes, together with all appropriate coupons maturing subsequent to the Redemption Date, should be presented and surrendered for redemption at any of the following paying agencies:

The Chase Manhattan Bank, N.Y.
Corporate Bond Redemption
100 Park Avenue
1 New York Place - 10th Floor
New York, New York 10001

The Chase Manhattan Bank, N.Y.
Westgate House, Chancery Street
London EC2P 2SD, England

Chase Manhattan Bank, Luxembourg,
Côte d'Ivoire Royal & Grand Rue
Luxembourg, Luxembourg

Payment pursuant to presentation of Notes for Redemption to the Fiscal and Paying Agent in New York, New York, or other payment made within the United States, including a payment made by transfer to a United States dollar account maintained by the paying agent with a bank in the United States. Payment to the Fiscal and Paying Agent in Luxembourg, Côte d'Ivoire Royal & Grand Rue and to Luxembourg of 20% of the gross proceeds (including premium) if a paying agent fails to provide the paying agent with an executed IRS Form W-9 in the case of a non-U.S. person or an executed Form W-8BEN in the case of a U.S. person failing to furnish such form to the paying agent, their correct taxpayer identification number on IRS Form W-9 and who fail to do so will also be subject to an IRS penalty of U.S. \$50. Accordingly, please provide all appropriate certification when presenting the Notes for payment.

IC INDUSTRIES FINANCE CORPORATION N.V.
By: The Chase Manhattan Bank
(National Association)
as Fiscal and Paying Agent

Dated: April 6, 1987

Why risk your money on moderate performance when £1,000 or more will ensure you enjoy the best from our Sterling Asset Account.

Assured High Interest.

The rate starts high on £1,000 or more, goes higher when your balance reaches £10,000 and higher still when you're up to £25,000.

Guaranteed Bonus.

If you make no withdrawal for a year, a bonus of 0.25% is added to your interest, boosting the rates to 9.00%, 9.25% and 9.50%.

Withdrawal.

You can get your money back at any time without notice, subject to losing 90 days' interest and your bonus. Give us 90 days' notice or leave £10,000 in the account and you only lose your bonus.

To enjoy Sterling Asset's rewarding performance, call in at any Abbey National branch. Or post the coupon.

ABBEY NATIONAL BUILDING SOCIETY, ABBEY HOUSE, BAKER STREET, LONDON NW1 6XL.

STERLING ASSET £1000+ 8.75 %
STERLING ASSET £10000+ 9.00 %
STERLING ASSET £25000+ 9.25 %

UK NEWS

Kenneth Gooding reports on the acquisition of Leyland

Daf Trucks merger gets into gear

THE NEW Daf Trucks company, in which the governments of the Netherlands and the UK have indirect shareholdings, starts operations today with several loose ends still to be tied up following the acquisition of Leyland Trucks in Britain.

However, Daf is confident it can build up its share of the West European heavy truck market and increase leadership in the UK.

The company still has to weld the former Leyland and 22 Daf dealers into one effective UK network of about 60 dealers.

There are still also decisions to be made about which Leyland employees will join the Leyland-Daf sales and marketing organisation in the UK which, like the new Daf company as a whole, is dominated by former Daf executives. The sales and marketing organisation has yet to decide where to set up its headquarters.

The former Daf organisation was about to move from Marlow in Buckinghamshire to a purpose-built headquarters and spare parts facility at Thame, Oxfordshire. But this is not big enough for the enlarged business.

In Western Europe's heavy truck market (over 3.5 tonnes gross) last year the combined Daf-Leyland business would have been in fifth place with sales of 22,117 trucks and

an 8 per cent share, behind Daimler-Benz (32,967), IVECO-Ford (44,442), Renault (25,972) and Volvo (23,130).

The new Daf company, in which the UK state-owned Rover Group has a 40 per cent shareholding with the rest of the equity held by various groups in the Netherlands, has its headquarters at Eindhoven in the Netherlands.

Its anticipated turnover this year is £1.45bn and, according to Mr Aart van der Padi, Daf's president, will be profitable from day one.

Last year the old Daf company boosted its after-tax profit from £1.24m (£8.2m) in 1985 to £1.31m. Meanwhile, Leyland Trucks comes to the merger with its debts wiped out by the UK Government which is also picking up the bill for further rationalisation involving another 2,600 job losses. The total cost to the UK taxpayer is about £300m.

Daf has promised to invest £150m in its UK operations in the next five years, with more than half going towards a new Sherpa van range.

Mr van der Padi said that, in the medium term, the new company's two main truck plants should be able to increase output by 2,000 vehicles a year each.

In common with all Netherlands' companies, Daf has a two-tier board structure. Two Rover Group executives - Mr Graham Day, chairman, and Mr David Hankinson, finance director - have joined the nine-strong supervisory board. The only British representative on the Daf management board is Mr George Simpson, managing director of the Leyland-Daf subsidiary.

Daf has 4,600 employees in the Netherlands, mainly at Eindhoven where its main truck plant is also located, 6,000 in the UK, mostly at the Leyland, Lancashire truck facility, 1,500 at Westerlee in Belgium which makes truck cabs, and just over 1,000 people at sales and service subsidiaries elsewhere.

Mr Frans J. Hernández, a senior

Daf director, has become executive chairman of the Leyland-Daf, and is joined on the board by Mr Con Bevan, Daf's director of sales and marketing and Mr Rico Dietz, Daf's engineering director, as well as Mr Simpson.

Leyland-Daf has four operating "arms": manufacturing, Freight Rover, customer financial services, and marketing and sales. Unusually, the marketing and sales organisation reports directly to Mr Bevan in Eindhoven instead of through the Leyland-Daf board.

ICI car paint set for market breakthrough

BY IAN HAMILTON FAHEY

ICI Paints will this week claim a

market breakthrough for its pollution-reducing water-based vehicle paints, following successful trials and acceptance by General Motors in Canada and Volvo in Sweden.

In Volvo's case, an atmosphere-conditioned booth has been extended to integrate the waterborne spraying process into an existing production line. Models painted in Aquabase are then diverted through infra-red light and a blow-dry tunnel.

However, Volvo said in its statement accepting the paint that ICI's water-based solution is only one answer to pollution. The Swedish paintmaker Wilhelm Becker, for example, is working on a 'high solids' method, which Saab is trying out.

This increases the proportion of pigment in the paint, leaving less solvent to dry off after spraying. But this is less obvious a solution than it seems.

'Metallic' paints work only because they are applied thinly enough to allow the aluminium particles responsible for metallic sheen to lie flat in the coating. The high proportion of solvent thus needed for these paints - which account for 50 per cent of the vehicle paints market - has been mainly responsible for the pollution problem.

Moreover, since water takes longer to evaporate, the paint may take up to 10 times longer to cure than organic solvent competitors, which are usually baked dry in a few minutes by passing a painted vehicle body or parts through a hot tunnel oven.

Using Aquabase therefore requires wide-ranging investment. General Motors' new paint line is in the truck factory in Oshawa, Ontario.

SHANGRI-LA INTERNATIONAL



IN MALAYSIA
WHERE ELSE BUT THE SHANGRI-LA
One of the world's finest hotels

Shangri-La hotel

SHANGRI-LA INTERNATIONAL: LONDON 01 581 4217

'Perhaps the bravest man I ever knew...'

and now, he cannot bear to turn a corner

Six-foot-four Sergeant 'Tiny' Giffen's, DCM, was perhaps the bravest man his Colonel ever knew. But now, after seeing service in Aden, after being badly-trapped and ambushed in Northern Ireland, Sergeant 'Tiny' cannot bear to turn a corner. For fear of what is on the other side.

It is the same for many ex-Servicemen that suffer most from mental breakdown. For they have tried, each one of them, to give more, much more, than they could in the service of our Country.

We look after those brave men and women. We help them at home, and in hospital. We run our own homes for ex-Servicemen, for those who are homeless and cannot look after themselves in the community. Our Hostel gives them a roof over their heads. For others there is our Veterans' Home where they can see out their days in peace.

These men and women have given their minds to their Country. If we are to help them, we must have funds. Do please help us with a donation, and with a legacy too, perhaps. The debt is paid by us.

"They've given more than they could - please give as much as you can."

To protect those concerned, this is an amalgam of several case histories of Patients in our care.

EX-SERVICES MENTAL WELFARE SOCIETY

REGISTRY HOUSE, THE REGISTRY, WEST END, LONDON SW1P 4LS. TEL: 01-543 6333

Please send my enclosed application for £30/£40/£50/£75/£100/£125/£150/£200/£250/£300/£400/£500/£600/£700/£800/£900/£1000/£1250/£1500/£1750/£2000/£2250/£2500/£2750/£3000/£3250/£3500/£3750/£4000/£4250/£4500/£4750/£5000/£5250/£5500/£5750/£6000/£6250/£6500/£6750/£7000/£7250/£7500/£7750/£8000/£8250/£8500/£8750/£9000/£9250/£9500/£9750/£10000/£10250/£10500/£10750/£11000/£11250/£11500/£11750/£12000/£12250/£12500/£12750/£13000/£13250/£13500/£13750/£14000/£14250/£14500/£14750/£15000/£15250/£15500/£15750/£16000/£16250/£16500/£16750/£17000/£17250/£17500/£17750/£18000/£18250/£18500/£18750/£19000/£19250/£19500/£19750/£20000/£20250/£20500/£20750/£21000/£21250/£21500/£21750/£22000/£22250/£22500/£22750/£23000/£23250/£23500/£23750/£24000/£24250/£24500/£24750/£25000/£25250/£25500/£25750/£26000/£26250/£26500/£26750/£27000/£27250/£27500/£27750/£28000/£28250/£28500/£28750/£29000/£29250/£29500/£29750/£30000/£30250/£30500/£30750/£31000/£31250/£31500/£31750/£32000/£32250/£32500/£32750/£33000/£33250/£33500/£33750/£34000/£34250/£34500/£34750/£35000/£35250/£35500/£35750/£36000/£36250/£36500/£36750/£37000/£37250/£37500/£37750/£38000/£38250/£38500/£38750/£39000/£39250/£39500/£39750/£40000/£40250/£40500/£40750/£41000/£41250/£41500/£41750/£42000/£42250/£42500/£42750/£43000/£43250/£43500/£43750/£44000/£44250/£44500/£44750/£45000/£45250/£45500/£45750/£46000/£46250/£46500/£46750/£47000/£47250/£47500/£47750/£48000/£48250/£48500/£48750/£49000/£49250/£49500/£49750/£50000/£50250/£50500/£50750/£51000/£51250/£51500/£51750/£52000/£52250/£52500/£52750/£53000/£53250/£53500/£53750/£54000/£54250/£54500/£54750/£55000/£55250/£55500/£55750/£56000/£56250/£56500/£56750/£57000/£57250/£57500/£57750/£58000/£58250/£58500/£58750/£59000/£59250/£59500/£59750/£60000/£60250/£60500/£60750/£61000/£61250/£61500/£61750/£62000/£62250/£62500/£62750/£63000/£63250/£63500/£63750/£64000/£64250/£64500/£64750/£65000/£65250/£65500/£65750/£66000/£66250/£66500/£66750/£67000/£67250/£67500/£67750/£68000/£68250/£68500/£68750/£69000/£69250/£69500/£69750/£70000/£70250/£70500/£70750/£71000/£71250/£71500/£71750/£72000/£72250/£72500/£72750/£73000/£73250/£73500/£73750/£74000/£74250/£74500/£74750/£75000/£75250/£75500/£75750/£76000/£76250/£76500/£76750/£77000/£77250/£77500/£77750/£78000/£78250/£78500/£78750/£79000/£79250/£79500/£79750/£80000/£80250/£80500/£80750/£81000/£81250/£81500/£81750/£82000/£82250/£82500/£82750/£83000/£83250/£83500/£83750/£84000/£84250/£84500/£84750/£85000/£85250/£85500/£85750/£86000/£86250/£86500/£86750/£87000/£87250/£87500/£87750/£88000/£88250/£88500/£88750/£89000/£89250/£89500/£89750/£90000/£90250/£90500/£90750/£91000/£91250/£91500/£91750/£92000/£92250/£92500/£92750/£93000/£93250/£93500/£93750/£94000/£94250/£94500/£94750/£95000/£95250/£95500/£95750/£96000/£96250/£96500/£96750/£97000/£97250/£97500/£97750/£98000/£98250/£98500/£98750/£99000/£99250/£99500/£99750/£100000/£100250/£100500/£100750/£101000/£101250/£101500/£101750/£102000/£102250/£102500/£102750/£103000/£103250/£103500/£103750/£104000/£104250/£104500/£

The new IBM Personal System/2.¹¹

Personal computing with the future built in.

It may come as a surprise to you that IBM is launching a new generation of personal computers that are not called PCs.

But there is a good reason. The IBM Personal System/2™ models are much more than personal computers. In fact they're based on many of the successful concepts used in our mainframe computers.

The Personal System/2 breaks new ground by using technology that was simply not available when we launched the original IBM Personal Computer back in 1981.

The eight new Personal System/2 models are loaded with features designed to shape the future of personal computing.

They've been designed to take advantage of continuing technological advances as they are introduced by IBM. So businesses of all sizes can now afford the most advanced systems without worrying about them becoming obsolete the day after tomorrow.

That's why our new range has the future built in.



*Introducing the new family:
designed for today and tomorrow.*

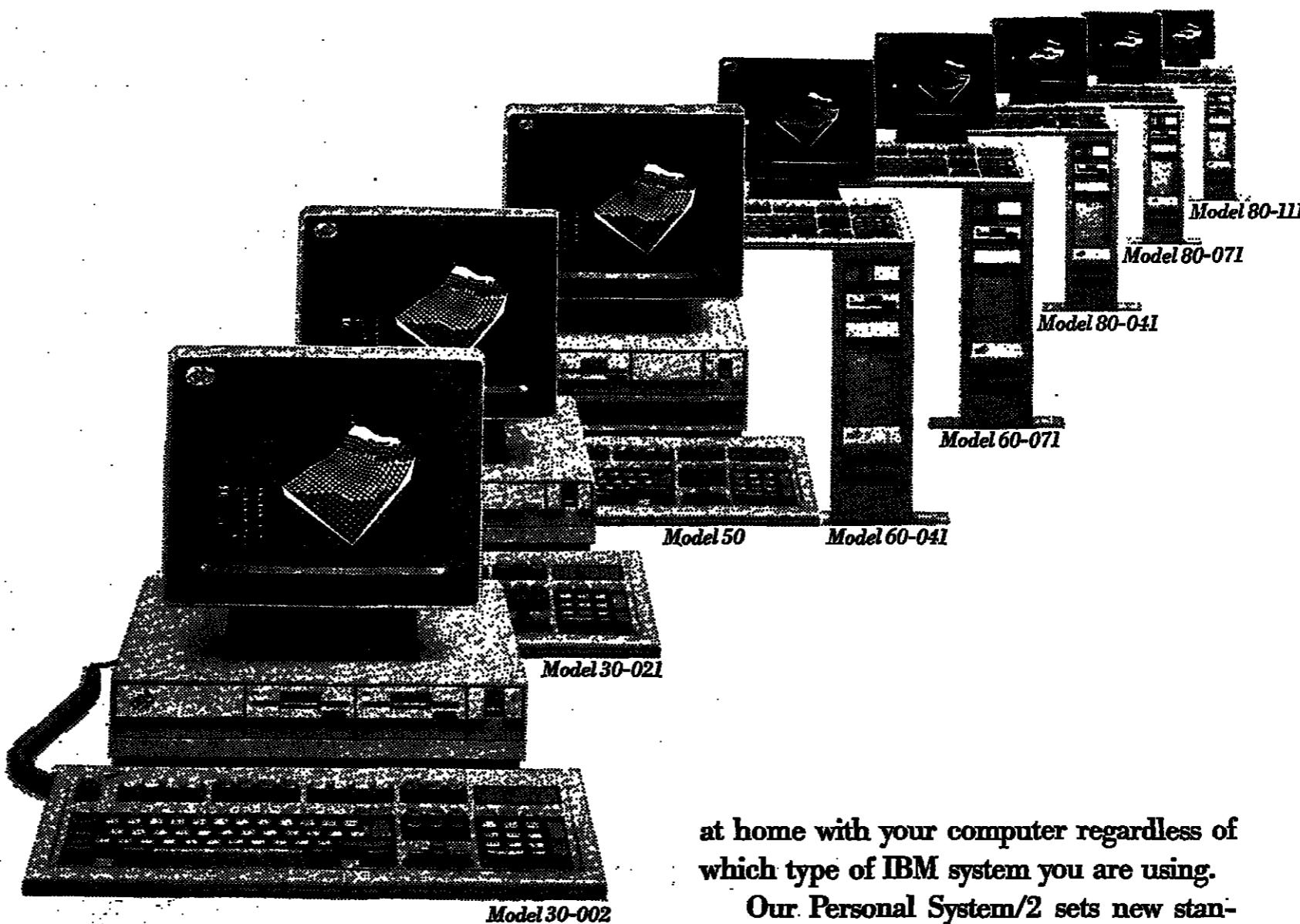
But just as important, the Personal System/2 is designed to be compatible with the existing IBM PC range and most current software.

The Personal System/2 is a family of fast workers. The secret lies with the new IBM Micro Channel™ Architecture (MCA).

It's like building a system of extra-wide "motorways" into a personal computer, which can handle more instructions and information than most of today's fastest personal computers.

To take advantage of the powerful potential of the Personal System/2's Micro Channel Architecture, IBM has designed IBM Operating System/2™. This will open the way to a new range of advanced and multi-tasking applications.

For example, if you're tired of only being able to do one thing at a time, the Personal System/2 will allow you to simultaneously print out a spreadsheet while you compose a memo while it searches in your database for a vital piece of information.



Today it is essential that computer users can communicate with each other. With the new Personal System/2, no product is an island.

Completely new hardware and software allow you to connect up to more powerful IBM systems, down to less sophisticated personal computers, back to previous models of the IBM PC family, forward to products we may announce in the future, and sideways to outside information sources.



*Micro Channel Architecture:
designed for multi-tasking.*

These are true personal systems that are multi-connectable, multi-purpose, multi-tasking tools, not just suitable as powerful stand alone boxes for the single user.

The Personal System/2 introduces the first step in a long range plan to provide consistency across the IBM product range: Systems Application Architecture.

By providing a consistent look for the way that data appears on any IBM screen, and a universal set of operating commands, the new architecture will allow you to feel

at home with your computer regardless of which type of IBM system you are using.

Our Personal System/2 sets new standards of speed and storage capacity. With an average speed of 3.4 million instructions per second, up to 16Mb of user memory, and with up to 230Mb of storage (that's about 110,000 pages), our top model is one of the most powerful personal computing systems in the world.



*Store volumes of data:
without sacrificing your desk space.*

The best place to learn about the future is from the people that have helped you in the past. Your IBM Authorised Dealer can tell you more about the IBM Personal System/2.

They'll explain how it can help make your business more efficient today, and what it can do for you tomorrow.

For more details, and a list of IBM Authorised Dealers, contact Wendy Castle at the National Enquiry Centre, IBM United Kingdom Limited, 414 Chiswick High Road, London W4 5TE. Or telephone 01-995 7700 during working hours.

Name _____

Position _____

Company _____

Type of Business _____

Address _____

Postcode _____

Phone (Work) _____

IBM



Part 11: Philip Bassett says that Mrs Thatcher has won a decisive power struggle with Britain's trade unions

Labour's winter of discontent

IN MAY 1979, two days before the general election which swept Mrs Thatcher into office, the voters were unequivocal: 73 per cent of the British electorate thought trade union power was the most important problem facing the new Government — the vital issue by a considerable margin. Now, with another election in sight, the voters seem equally decided: only 1 per cent of the electorate considers unions to be an important issue facing the country — the least vital of those named.

An index of what has happened to British industrial relations under the Conservative government, these two MORI findings could hardly be more stark. Following the wave of strikes in the 1979 "winter of discontent" trade unions dominated the 1979 election. In 1983 they were, as unfinished business, still a factor. This time, not even the prospect of another round of proposals for trade union reform has quickened public interest.

It is hardly surprising. For the Government, labour relations is a battle already won. "Industrial relations aren't a problem now," says one senior minister. In 1979, the subject was at the heart of both the overt agenda — legislation — and the more covert aim of dimming the power of the unions. That this latter point is now stated openly as an achievement is a measure of the impact of the Thatcher years on trade unions.

A whole host of factors have played their part in achieving

this for the Government — including unemployment, shifts in both the sectoral structure and the geography of work, and constant technological change.

But two have been critical. The first has been the Government's ideological drive: the determination to change unions and the will to do it. Virtually every plank of Conservative policy has had its effect on the unions. From privatisation to profitisation, pay, from breaking up national bargaining to wider share ownership, from tax cuts to promoting a property-owning democracy, almost every initiative has helped whittle away the unions' base of support.

The actual legislation directed at trade unions has, in its own terms, been remarkably successful, at each step cutting away another layer of union power without making such a fall sweep as to provoke resistance.

The first two measures, the 1980 and 1982 Employment Acts, dealt with what the Government, the public and the most significant of all — union members regarded as the excesses of union behaviour exemplified in the winter of discontent (still used even now as a touchstone by the Conservatives on which to base their popular appeal, and some of their best attacks upon Labour). These covered, among other things, picketing and secondary action.

The third, the 1984 Trade Union Act, was more subtle,

more sophisticated, and more far-reaching. Part of it boomeranged — the requirement on unions to ballot on the retention of their political funds. Labour's financial life-line, well seen as an attempt to wreck the Labour party and was swiftly resisted in a public sector-style ballot. This became the unions' greatest (perhaps only) major collective success of the Thatcher years.

But the rest — in provisions for ballots before strikes, and for the election of union leaderships — was little short of revolutionary. After a few painful and expensive skirmishes with the courts, the already cowed unions bowed the knee. Strikes plummeted to a current 50-year low, and the organisation of union leaderships began to change to reflect more closely that of their members.

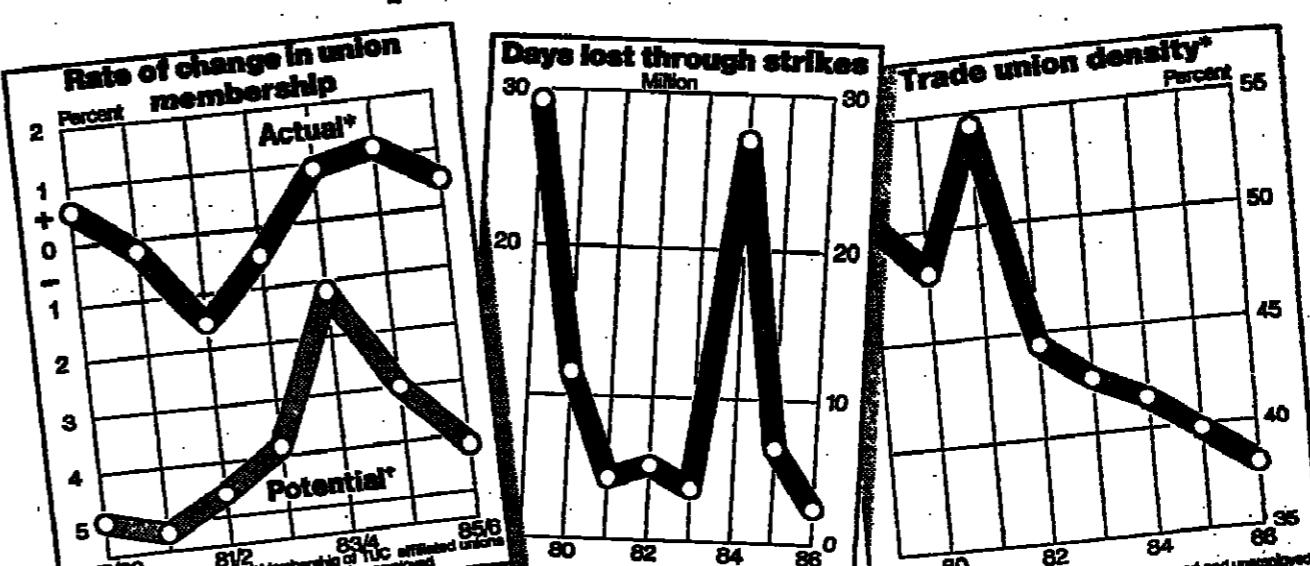
None of this, however, was easy for the Government. In the private sector, especially in manufacturing, where the recession bit hardest, the job shocks of the early 1980s led first to a new management assertiveness, and from that to an emerging system of industrial relations rooted less in conflict, more in consensus (or compliance, according to some), exemplified in its most extreme form by the strike-free deals being signed now by some unions.

In the public sector, the fight was much more bloody. Every year of the Government's tenure has seen a major public sector strike, culminating in the

titanic struggle of the 1984-85 coal dispute, where the scale of the battle was matched only by the enormity of the impact of the miners' defeat. Yet in spite of that, the public sector is still far from quiescent: privatised British Telecom's recent dispute was swiftly resolved in a public sector-style ballot. Mrs Twain-like, the teachers' dispute continues to prove exaggerated constant reports of its death, groups such as the civil service remain ready at least to consider a fight.

This might imply that it is in the public sector where the strength of trade unions now principally resides. In spite of the miners' defeat, there is truth in this — but it is a view rooted in the same assumption which underpins the Government's own view that industrial relations health is to be measured mainly and inversely in relation to the extent of strike activity. There is also, however, an argument that trade unions are doing their real job by providing more services rather than more strikes, more care rather than more conflict, more responsibility rather than just more power.

It is power which lies at the core of all this. The most important effect of it all has been to reduce the power of unions in the labour market, to throw them back from the offensive (wage push), to the defensive (protecting jobs), to divide their members and potential members by making the



Source: Department of Employment/TUC

labour market more flexible and more segmentable, to pull union members apart from each other by such initiatives as more regionally varied pay differentials and greater pay differentials achieved by weakening the position of the low paid (by cutting back the wages councils) and encouraging market-related pay for the highly-skilled. All these things have narrowed the gap between the value of being a union member and not being one, so that union membership becomes an irrelevance.

For the Government, it has paid off. By any indicator, union power has been cut. As the chart shows, the gap between actual union membership and potential membership has widened. Recent research work is showing that unionised companies cut their workforces in the recession while non-union companies expanded theirs rapidly.

There is more to come, too. If the Conservatives are re-elected, a further set of proposed union reforms are already on display, focusing on internal union affairs such as finances, balloting and the closed shop, though this fact sits oddly with the Government's contention that its reforms so far have already virtually eradicated the problem.

There is also, though, in Government and beyond it, a view that labour market deregulation has not gone nearly far enough to make business more efficient and reduce unemployment. There is already talk in Whitehall about more radical measures, like making it easier for firms to sack workers with the closed shop. Why not just ban it completely? Why keep up the vestiges of old-style corporatism? Why not kick the unions off the Manpower Services Commission, and the employment service areas? If socialism has to be extinguished in a third term, as Mrs Thatcher has said, why not finish off industrial socialism in the shape of the unions?

Across their internal political spectrum, however, the unions have been changing to meet the challenges of the Thatcher years, trying to come to terms with a remapped labour market and the thrusting wedge of non-unionism. But particularly if the Government is re-elected, such changes may be too late. There is a more positive mood in the unions, despite the likelihood of the unions ever regaining their power of the pre-Thatcher years, when the general secretary of the Transport and General Workers Union was

seen as more important than the Prime Minister, looks remote.

In that, the industrial relations emphasis of the politicians on trade unions is now some way behind the practice. Employee relations for most employers are no longer just a matter of squaring the unions (though that can still be important), but are a more complex and multifaceted process, involving to a greater degree than before considerations including recruitment, training, technology, mobility, turnover, shortages, earnings, labour costs and productivity, the whole range of labour market issues.

Unions now are just part of the mix. Employee relations are no longer principally about trade unions.

Tomorrow: Malcolm Rutherford on law and order.

Christopher Parkes talks to two business successes and (below) David Brindle meets an entrepreneur who didn't make it

The 'I can do it better days'

attracted little sympathy as he blathered about "prioritising the issues."

Then there was Ann Burdus, again brought in from the US, promoted that year to be the first woman head of McCann and Co., one of Britain's biggest and most successful advertising agencies.

She, too, was hardly known outside her patch. But she was female and British to boot.

On balance, Wolz reckons his uneasy introduction to pre-recession Britain gave him certain advantages.

"I was a bit of an oddity... I could get away with things," he admits. "I didn't carry any baggage. I didn't know what could or could not be done. I just tried to be as sensible as possible." Seven years on London Rubber has grown from being a contraceptives company worth \$20m to become London International Group, capitalised at \$400m-plus.

He is uncertain of how to

apportion credit for the changes he has seen in Britain. His last major industrial trouble struck in 1980, when the company agreed a 22 per cent pay deal in one of its main divisions. "Now, labour is less of a concern for me."

He does not have to worry so much because he finds, and employees are better informed about the state of their company. Late in 1979, visiting a major plant near London, he discovered that the management had made no efforts to explain the company's plight to the workforce.

"They were the ones who were going to have to face it, so I told them myself," he recalls. London Rubber, he explained, faced either radical changes, going broke or being taken over and split up.

He was shocked by the reaction. No one believed it was possible. "The concept that the company could come to an end was not believable," he says. "I bet that was a common view in British industry."

The situation has improved, however, and he gives part of the credit to Mrs Thatcher. "This government has been very effective in changing... at least getting people to consider performance counts."

Wolz also now spends a smaller proportion of his time fretting about operational problems: where to find good management material for the future. "It is harder here to recruit good managers than in other places," he claims.

For all this, life in the Thatcher years has wrought a fundamental change in Wolz's view of Britain. It is unparalleled as a greenfield investment plot, he says. "Any company looking for a European base would be crazy not to start here."

Ann Burdus, now deputy chairman of AGB Research, Europe's biggest market research company, spent several of the Thatcher years in the US. But she, too, detects a change of sentiment in industry.

Crucial, she suggests, is the fact that industry has been told it must live up to its own content.

"Economic pressures have really made people apply themselves to the reduction of waste and more efficient use of manpower," she observes.

"The atmosphere of 'I can do it better' is very exciting. Things which people thought would be painful have turned out not to be painful at all..."

With responsibilities ranging from monitoring domestic consumption of double-glazing to her new role as a frontliner in the Government's AIDS campaign, her optimism embraces a broader field than Wolz's.

"It's not my line to talk about women," she states, but goes on to note that the number of women in executive positions and advertising has increased dramatically. On the other hand, she thinks there has been a tailing-off in women's advances through the mainstream of business.

"All business has had a difficult time and has tended to limit risks," she explains. "A study old man in a blue suit is a known quantity, in spite of everything a woman is still unknown."

As a result, there is a generation of high-flying females which has allowed itself to be siphoned off into "things like corporate affairs." She sniffs her disapproval.

Women's prospects may even have been helped indirectly by the Prime Minister's own style. "Mrs Thatcher always looks for the best person for the job whether male or female. She is notorious in some ways for not having moved the women's cause forward. But, like me, she doesn't go in for tokenism. In a funny way, she has protected women from tokenism."

Burdus has an eye for social patterns — perhaps as a result of her involvement in high-profile market research, possibly related to her absence in the US. "People are warmer, healthier, live longer... and are possibly kinder," she offers.

"But this is a product of changing social habits rather than Thatcherism."

The issue seems to be aspiration rather than inspiration from some central source.

"Set aside the deprived one-

fifth of society and the rest

are moving to middle class status and becoming more educated. But this has nothing

notable in some ways for not having moved the women's cause forward. But, like me, she doesn't go in for tokenism. In a funny way, she has protected women from tokenism."

Burdus has an eye for social patterns — perhaps as a result of her involvement in high-profile market research, possibly related to her absence in the US. "People are warmer, healthier, live longer... and are possibly kinder," she offers.

"But this is a product of changing social habits rather than Thatcherism."

The issue seems to be aspiration rather than inspiration from some central source.

"Set aside the deprived one-fifth of society and the rest are moving to middle class status and becoming more educated. But this has nothing

notable in some ways for not having moved the women's cause forward. But, like me, she doesn't go in for tokenism. In a funny way, she has protected women from tokenism."

Burdus draws inspiration and some comfort from the statistics which show the way people's circumstances are changing. "People might say I am suggesting material things are the be-all and end-all... but I would rather have high-minded thoughts with warm feet."

"Talk of two nations is a bit simplistic. If you talk in shorthand you lose the nuances."

Alan Wolz, too, wonders two nations. The fifth and noise of New York disturb him. He admits to being taken aback by the aggression and forthrightness of the US businessman, which once coloured his public persona.

"In terms of quality of life," he says, "I'd rather be here in Cleveland... Ohio."

'You have to move on'



Bob Scott: "Security of the union job weighed heavily"

BOB SCOTT will wind up his promising micro-electronics business at the end of this month. From April 1, he will opt for the relative security of a paid official post with ERTU, the electricians' union.

His reasons for giving up raise questions about the Government's belief that every employee would rather be an entrepreneur and that the Bob Scotts of this world can, given the right head, make it. Bob Scott lost ground in key developing businesses.

Mr Scott, a former steelworker, started off with \$10,000 retrenchment pay and 14 months' training in micro-electronics under British Steel's programme for displaced workers in the industry's slowdown that began in 1979.

After brief employment with an electronics company which went into liquidation and similarly short-lived joint business venture, he set up his own company.

In the first 12 months he achieved turnover of \$26,000. His first contract was a workshop in the loft of his Northamptonshire home and an office in a bedroom.

The home-working was one reason for his decision to call it a day: his family, he says, was increasingly annoyed by the clutter. At the same time

as he became aware that he would have to rent a factory unit, he realised that he would have to take on labour if he was to continue.

"You have to move on, but employing people left a lot of debt in my mind. It's a very big step," Mr Scott says. The day-to-day problems of

From the right vantage point, your vistas extend to even distant markets. Let's look them over together.

The deeper your insights into a country and its economy, the better your prospects in international business. Take intelligence on optimum modes of payment and methods of financing, for instance. To support your foreign commitment successfully, your bank partner must be able to provide such information firsthand.

That's why DG BANK has steadily expanded its international network of branches and subsidiaries in major financial centers. In addition, we maintain corre-

spondent relations with some 3,000 banks worldwide. As a member of the UNICO Banking Group, DG BANK cooperates closely with six large West European banks.

To its international presence, DG BANK adds a universal range of services: from foreign exchange cover to Euroloans, from export financing to bond issues, from investment counselling to assistance in entering new markets. Whatever your needs, our fast-action policy ensures that you rapidly get together with the right people and lose no time

DG BANK



420 PARTNERS HAVE VOTED IN YOUR FAVOUR.

Voted for the opportunity to offer you a more versatile service.

Voted for a strong international network with more experience in more areas of industry and commerce than ever before.

Voted for a merger between Peat Marwick and KMG Thomson McLintock. Although Peat Marwick McLintock is now the largest firm of accountants and management consultants in the UK, it wasn't

size that prompted the vote. It was the increased ability to give you a greater depth and breadth of service.

Of course, whether you're a small family firm or a great multinational you will always have a partner at PMM personally looking after your business. **KPMG Peat Marwick McLintock**
The start of a great new partnership.

THE MONDAY PAGE



JOHN LLOYD

JOHN GARDINER, chief executive of the Laird Group thinks the period between the 1950s and the Thatcher years was a "fatal 30 years of state corporatism."

He told Richard Lambert (in the *Thatcher Years*, Part 8,

FT April 1): "The thing she has changed is the view that the state has to solve all of our problems."

There is something in that but much is left out. Left out, in particular, is a recognition that in one crucial area the state has moved in to solve the big problems of all, especially for many efficient and productive companies like Laird. That is the problem of what to do with all the workers such companies find they do not need.

The state now provides just the safety net of social security it also provides a raft of schemes, projects, counselling and training programmes. The Manpower Services Commission, founded in January 1974 with a budget of \$125m, has £3.5bn in its current year's budget. A generation of school-leavers now pass straight from state schools to state institutions, often "earned" in state-owned training centres.

Their guides to the world of work are no longer time-served craftsmen or technicians but state-employed counsellors.

In reducing the companies of an actual or implied responsibility to assist in maintaining full employment, the Thatcher Government has extended the state deep into lives of millions of people who, in the "fatal" period, would have deemed it shameful to have taken a penny from it before the age of 63.

This reflection is not a partisan one. Any government would have had to respond to the job massacre in a roughly similar way. Moving beyond the employment field, any government would have continued to pay out large sums for research and development, help small firms start up, extend credit on export, provide innovation aid and exercise a regional policy—as this one has. But only this one would insist that

it was anti-corporatist; and perhaps only one led by Mrs Thatcher would have persuaded shrewd men like Mr Gardiner that it really was.

The important point about corporatism—the reflection is in part prompted by the 25th anniversary of the National Economic Development Council last month—is not its demise, which is premature, but its future. For Mr Michael Heseltine, it is a means of emulating the success of other countries like the US, Japan, West Germany and France.

In his recent book, *Where There's a Will*, he writes: "The capitalist economies with which we have to compete do not operate on the theory held in Britain that government is an onlooker in the industrial game or at best a referee. In most of these countries there are partnerships of one sort or another between the government and the industrial world. Partnerships are of varying kinds,

but in most cases there is a common attitude and approach which is more mature, less adversarial and demonstrably more successful than ours."

For the Labour Party, corporatism has always been composed of at least three elements. One was the drive for more public ownership which though it could be said was justified on economic grounds, was essentially a political and social movement. A second was the advance of trade union interests through the establishment of formal bargaining structures in the industry concerned, the incorporation of trade union leaders and officials into central and regional planning mechanisms—and—in the 1970s the failed attempt to develop a British version of West Germany's Mitbestimmung (workers on the board). A third, evident in the Labour

government of the '60s and '70s, was similar to that advanced by Mr Heseltine, in purpose if not necessarily approach—namely the ability of the state to pick winners.

This mixture of purposes gave Labour's brand of corporatism a bad name. Too often the modernising dynamic ran counter to the trade union and political ones which made for paralysis. It was this as much as any other element which helped to provoke the Social Democratic split and thus a powerful third party in the Alliance—a party no longer constrained by the inhibitions of Labour's base.

Labour is itself changing, as last week's launch of its *Work to Win* document showed. The symbolism of Mr Neil Kinnock's speech on one side by his deputy Mr Roy Hattersley and on the other by Mr Norman Willis, the TUC General Secretary, was

as powerful as any words. Separate, and not equal, is the message which Mr Kinnoch is tactfully emphasising. Labour must struggle against, rather than the Alliance the status of a reforming party unhampered by the

national confederations and more to the key people in, for example, ICI or the engineering unions.

There is no resurrecting the Butskellite effort to have decision-making in the economy and in industry on the general councils of labour and capital—though it is a matter for argument whether it "failed" because it was too highly structured or because it was not highly structured enough. That is a separate question which one hopes Dr Middennott will address in his three-volume study he is now publishing on whether or not anything else would have worked better. But the actions of companies like that commanded by Mr Gardiner will continue to throw up problems which the electorate will expect the Government to solve in a corporate way.

INTERVIEW

Something completely different

Michael Skapinker talks to a purposeful John Cleese

JOHN CLEEESE'S office, for some reason, proves difficult to find. Just when it seems that the neighbours might have to be consulted, the man himself appears.

Dressed in an anorak and black hat, blue jeans flapping at half-mast, he rounds the corner and strides purposefully into the Holland Park shop he has turned into his workplace.

Inside, the shelves are filled with record albums covered in Monty Python's Flying Circus—the series television comedy series which extended his fame in the 1970s. Among the other memorabilia is a Norwegian version of "Families and How to Survive Them," the book that Cleese wrote with his psychotherapist, Robin Skynner.

To get to Cleese's own office, in the basement, one has to step over a facsimile of his features woven into a carpet—a gift from an admirer in the United States. Below Monty Python and Fawlty Towers—

the two television comedy series which extended his fame in the 1970s. Among the other memorabilia is a Norwegian version of "Families and How to Survive Them," the book that Cleese wrote with his psychotherapist, Robin Skynner.

Inside, the shelves are filled with record albums covered in Monty Python's Flying Circus—the series television comedy series which extended his fame in the 1970s. Among the other memorabilia is a Norwegian version of "Families and How to Survive Them," the book that Cleese wrote with his psychotherapist, Robin Skynner.

makes you do better is playing chess. My dissatisfaction with comedy writing is I don't feel it has developed me more. I've just taught myself to play chess, which is a very nice way of earning a living, and making sure the bank manager is happy—and thank you very much God for that."

Video Arts, on the other hand, he still finds satisfying. The company was set up in 1971 at the instigation of Tony Jay, a co-writer on the television series "Yes Minister" and "Yes, Prime Minister." The first film, a \$4,000 production called "Who Sold You This Thing?" was made for service engineers.

"When we were writing it, we ran around in idea form," says David Dimbleby and David said, "Oh, I had a wonderful one once. I bought a bit of insurance—that somehow, imperceptibly, I picked up the snob, aristocratic attitudes towards trade and commerce."

At Cambridge, where Cleese read law, anyone who mattered became a solicitor, or a



tionary. So that was the kind of background. Then I went on to university, and... it's a year interesting—seeing my dad was in insurance—that somehow, imperceptibly, I picked up the snob, aristocratic attitudes towards trade and commerce."

At Cambridge, where Cleese read law, anyone who mattered became a solicitor, or a

PERSONAL FILE

1939 Born: Weston-Super-Mare, Educated: Clifton College and Downing College, Cambridge, MA (Law) 1961 Married: Connie Booth, American actress (Divorced 1978).

1971 First Monty Python film, Now For Something Completely Different.

1975 First series of Fawlty Towers, 1977 directed film director, Barbara French.

1983 Co-wrote Families And How To Survive Them.

journalist, or a neurologist, and then a couple of RPs.

"When at a bar invitation, he joined Video Arts, "I got a lot of teasing and chiding from my Python friends who, I think, had a fairly primitive, student-based view of what business or industry were about—that it was the first resort of the crypto-fascist. Anybody who cared would be doctor or a social worker—or a comedy writer. Whereas anyone who was running a factory would only go to ordinary people."

He has an enormous tail frame

now stretched out virtually full-length in his chair, his feet on the desk. He reaches out for some "cigarettes," flips the container open as though it were a carton of cigarettes, tears off a length of string and gets to work on something between his toes.

What about his involvement with psychotherapy? He joined a psychotherapy group in the mid-1970s on the suggestion of his GP. He had been suffering

from low-grade flu symptoms for two years and the GP could not find anything physically wrong with him.

Cleese had been intellectually interested in psychology since his schooldays. All the while he began his therapy with some trepidation. "A lot of Englishmen would far rather run over the top of the trenches and towards the German barbed wire and machine guns than stand up in a group with six or seven other people and say they had an emotional difficulty. I remember in the group, for the first 20 minutes everyone was saying they didn't know why they were there because they didn't have any problems. An hour-and-a-half later, it was perfectly clear that everybody was there, including myself."

His three-and-a-half years in therapy relieved him of his flu symptoms and left him incomparably happier. They also led him to his book. The book is a dialogue with Skynner, his therapist, in which they discuss family relationships and the ways in which these influence behaviour outside the family.

To understand his political outlook, Cleese says, you need to look at a section of the book called "Paranoids and Politicians." Briefly, the Cleese/Skynner thesis is that people tend, in the political arena, to regard all the

unpleasant aspects of their own personalities as being characteristic of the other side.

So that was the kind of background. Then I went on to university, and... it's a year interesting—seeing my dad was in insurance—that somehow, imperceptibly, I picked up the snob, aristocratic attitudes towards trade and commerce."

At Cambridge, where Cleese read law, anyone who mattered became a solicitor, or a

party political broadcast. In the most recent, last week, he planned a jibe at London's Islington Council: "It's allegedly banning Ba-Ba Black Sheep from its schools on the grounds that the rhyme was racist. The council failed to win a court order against the broadcast, but the SDP dropped the anecdote anyway."

And what now for John Cleese? He tears off another length of dental floss and flosses his finger. "More than anything, he says, "I love to sing and read. That's the things that makes me most content."

He recently performed a time-obessed headmaster in the movie "Clockwise." At least one more film is on the cards.

So that was the kind of background. Then I went on to university, and... it's a year interesting—seeing my dad was in insurance—that somehow, imperceptibly, I picked up the snob, aristocratic attitudes towards trade and commerce."

At Cambridge, where Cleese read law, anyone who mattered became a solicitor, or a

party political broadcast. In the most recent, last week, he planned a jibe at London's Islington Council: "It's allegedly banning Ba-Ba Black Sheep from its schools on the grounds that the rhyme was racist. The council failed to win a court order against the broadcast, but the SDP dropped the anecdote anyway."

And what now for John Cleese? He tears off another length of dental floss and flosses his finger. "More than anything, he says, "I love to sing and read. That's the things that makes me most content."

He recently performed a time-obessed headmaster in the movie "Clockwise." At least one more film is on the cards.

So that was the kind of background. Then I went on to university, and... it's a year interesting—seeing my dad was in insurance—that somehow, imperceptibly, I picked up the snob, aristocratic attitudes towards trade and commerce."

At Cambridge, where Cleese read law, anyone who mattered became a solicitor, or a

A disgraceful debate



JUSTINIAN

native method of execution. (Hanging, incidentally, was declared by the Royal Commission on Capital Punishment as the most humane method of terminating a condemned man's life.)

Some prison governors would certainly resign; a number of prison officers might follow suit. The prison chaplaincy might decline to take part in the hideous ritual.

This is clearly no time to inflict such a personal dilemma on members of the service, whose morale is currently low.

There is the additional, telling factor of negative public reaction to the penalty during the last years of capital punishment. Ugly scenes accompanied the announcement of an execution outside prison gates.

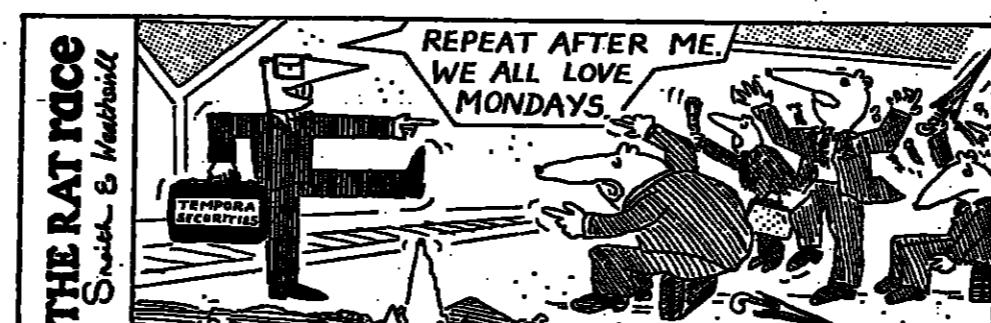
What, for example, would happen if the main killer of PC Blakelock had been condemned to death—a young man whom the trial judge described as "evil"? The radio headlines involved in that killing could not be discounted in any public campaign for a reprieve.

The restorists do not seem content to let matters lie. They threaten a return to the subject after the next election. They would do well to be reminded of the judicious examination of the subject conducted by the cautious and discreet civil servant who chaired the Royal Commission on Capital Punishment of 1949 to 1953.

Sir Ernest Gowers wrote: "Before serving on the Royal Commission, I like most other people, he given no thought to this problem. If I had been asked for my opinion, I should probably have said that I was in favour of the death penalty, and disposed to regard abolitionists as people whose hearts were bigger than their heads.

"Four years of close study of that feeling. In the end I became convinced that the abolitionists were right in their conclusions, though I could not agree with their arguments, and that so far from the sentimental approach leading into their view and the rational one into that of the supporters, it was the other way about."

Social conditions change, even within two decades, but the message remains. The emotional appeal of a life for a life is a permissible response in the ill-informed citizen. It has little or no place in the deliberations of Parliament.



National Australia Bank

National Australia Bank Limited

...for competitive foreign exchange rates.
Call Malcolm Hume Phone (01) 600 0726 Telex 881 411 NATFEX
6-8 Tokenhouse Yard, London, ECR2 7AJ

FINANCIAL TIMES SURVEY



Stern measures by the Socialist Prime Minister, Dr Andreas Papandreou, to stabilise the Greek economy are

beginning to show benefits. He is also enjoying increased popularity at home over his decisive handling of the Aegean crisis, which brought Athens and Ankara to the brink of war, as Andriana Jerodaaconou reports here.

Pragmatism pays off

GREEK POLITICS usually apply illustrate the ancient philosopher Heraclitus' maxim, that all things in the universe are in flux. For the past year and a half, however, Dr Andreas Papandreou's Socialist Government has steered a remarkably steady political course, coloured by pragmatism in economic and foreign policy.

On the economic front, the Government has steadfastly applied an unpopular package of economic stabilisation measures introduced at the end of 1985. A few months after the Socialist government's landslide victory at the polls against the conservative New Democracy (ND) party.

Apart from a marginal adjustment of salaries at the lower end of the salary scale, the authorities have successfully defended the austerity package against the concerted reaction of left and right wing trade unions, whose combined forces in January and February of this year gave the worst strike wave in the Socialist 5½-year term in office.

This toughness has begun to pay off. Helped by favourable external factors such as the fall in oil prices, the stabilisation measures—a combination of tight incomes and monetary policies, a devaluation of the drachma, and import curbs—



Greece

Prime Minister Andreas Papandreou: tough and decisive

and Ankara to the brink of war.

ment on their operation in December 1986.

In an interview before the Aegean crisis, Dr Papandreou had indicated that the talks on the bases would start soon.

For budgetary reasons the US has said it requires an answer on whether the bases are to go or stay by the end of next summer.

On another level, the Government found it had committed a blinder with respect to the foreign investment climate which it has subsequently had to try to put right, with the surprise decision in February to assume control of the North

Greek Nuclear accident, which contaminated Greece's entire 1986

production of durum wheat, of

the similarly destructive freak snow blizzards and low temperatures this winter in central and southern Greece. Furthermore, last autumn's earthquake in the southern port city of Kalamata left thousands of inhabitants homeless.

On the external front, Greece's relations with Turkey have been deteriorating steadily over the past year and a half, with a border clash last December in which two Turkish and one Greek were killed.

Survivors as a final warning of the volatile climate in NATO's Aegean wing.

The Greek mood has become increasingly uneasy, as frustration over Athen's objections to a strengthening of Turkey's relations with the EEC has unleashed a barrage of hawkish statements from Ankara.

deposits in the region and Greece's largest foreign investment.

On the external front, Greece's relations with Turkey have been deteriorating steadily over the past year and a half, with a border clash last December in which two Turkish and one Greek were killed.

Survivors as a final warning of the volatile climate in NATO's Aegean wing.

The Greek mood has become increasingly uneasy, as frustration over Athen's objections to a strengthening of Turkey's relations with the EEC has unleashed a barrage of hawkish statements from Ankara.

CONTENTS

Economic reforms on target	2	Banking Finance
Exclusive Interview with the Prime Minister	2	Prospects for industry
Foreign policy changes	3	Shipping scene
Ministerial profile	3	Profile of Athens

Key facts and statistics

Head of the Hellenic Republic: President Christos Sartzetakis

Head of Government: Prime Minister Andreas Papandreou

Ruling Party: Panhellenic Socialist Movement, (PASOK)

Population: 10m; employment by sector, %: agriculture 27.5; industry 26; services 46.7

Area: 132,000 sq kms

Currency: Drachma (Dr), equals 100 Lepta

Inflation: 16.9% in 1986; through the year increase in CPI, 10%

GDP at constant prices (% change), 1987 forecast: -0.5 to 1.0

Current account deficit last year: \$1.76bn or 4.8% of GDP

Key economic aggregates and other financial statistics, see Page 2

Athens also became increasingly concerned about a recent build-up of Turkish troops in Cyprus, still as much an open secret. In 1974, when Turkey invaded the island following a coup there by the Greek junta, United Nations efforts for a peace settlement have been effectively deadlocked for the past 18 months.

Perhaps more importantly, Dr Papandreou remains the sole arbiter of events in his own party and the government. A striking illustration of this came in February, when the Prime Minister, in one fell swoop, discharged a band of powerful and ideologically hardline ministers, many of them critics of the government's economic austerity policy, from the cabinet, and dispatched them to the Socialist Party (PASOK) hierarchy.

Domestically, Dr Papandreou has had to pay a heavy political price for his pragmatism in the economy and foreign policy fields, a measure of which was the loss of the national elections for mayor of Athens and city councillors last October. The Socialists suffered significant losses around the country in the first round of voting, to the benefit of both the conservative and the Communist opposition.

A Communist decision not to support Socialist candidates against conservative challengers in the second round led to the relatively small initial loss of the three major municipalities of Athens, Piraeus and Salonic to the right.

The Greek Prime Minister is now faced with the problem of how to recover lost political ground, particularly on the left, before the next general election. The key question is whether he will tackle this problem without altering the economic or foreign policy course he has set since the 1983 vote.

An important factor is the timing of the next general election. So far, Dr Papandreou continues to insist, against widespread speculation to the contrary, that he will see through his four-year term, which ends in June 1989. This scenario would be the most favourable for the economy, in that it would allow the authorities to execute stabilisation measures into 1988, as they admit is necessary.

An early recourse to the polls would allow Dr Papandreou to cash in on the increase in his popularity over the handling of the crisis with Turkey which was seen as tough and decisive.

Continued on page 2

the Greek
force

COMMERCIAL BANK OF GREECE

IONIAN BANK

INVESTMENT BANK

BANK OF PIRAEUS

A bank of ATTICA

COMMERCIAL BANK OF GREECE

Commercial Bank of Greece (Germany) GmbH.

ELEUSIS SHIPYARDS, S.A.

HELLENIC GENERAL ENTERPRISES Co. S.A.

EBLOCK GREEK INDUSTRY FOR SACKS AND PLASTIC PRODUCTS Co. S.A.

PHOSPHORIC FERTILIZERS INDUSTRY, LTD., S.A.

GREEK JUICE PROCESSING AND CANNING INDUSTRY S.A.

ΦΟΙΝΙΚΗ ΑΙΓΑΛΕΙΑΣ PHOENIX-GENERAL INSURANCE COMPANY OF GREECE, S.A.

THE IONIAN GENERAL INSURANCE COMPANY, S.A.

HELLENIC MUTUAL FUNDS MANAGEMENT COMPANY, S.A.

ΙΩΝΙΚΗ HOTEL ENTERPRISES, S.A.

ENGINEERING AND CONTRACTING COMPANY, S.A.

ADDAX AUDITORS-MANAGEMENT CONSULTANTS DATA PROCESSING SYSTEMS

E.E.S.E.L. S.A.

PYRAMIS, S.A.

ΠΥΡΑΜΙΣ INFORMATION PROCESSING AND MANAGEMENT SYSTEMS

COMMERCIAL BANK OF GREECE GROUP OF COMPANIES

GREECE 2

An interview with Prime Minister Papandreu, given shortly before the recent flare-up with Turkey over the Aegean issue.

Report by Robert Mauthner and Andriana Ierodiaconou

'We are at the crossroads'

MR ANDREAS PAPANDREOU. The Greek Prime Minister, in an exclusive interview with the Financial Times, said that he expected his government's 18-month-old economic stabilisation programme to extend into 1988 in some form, though it was originally conceived to last only two years.

"You don't say from one day to the next that a stabilisation programme has ended and an expansionary policy is beginning. We are aiming for an overlap," he said.

Mr Papandreu stressed, however, that come next year, the Government would have "to take care of some of the country's more crying social needs," despite the situation of its austerity policies.

It was also imperative for Greece to modernise its industry. "Our decision is to leave the classical industrial structures and products and try to make the big jump to modern technology in fields such as microelectronics, computers and biotechnology," he said. For that, an entirely new entrepreneurial class was needed.

Mr Papandreu said that within the next month the Government expects to invite tenders from foreign companies or consortia for its recently announced drachmas 3 trillion public works programme, including financing proposals. He repeated his invitation to foreign investors made at the world economic forum in Davos, Switzerland, in which he emphasised that they would be welcome in Greece.

Asked whether the recent decision by the Government to acquire a controlling interest in the North Aegean Petroleum Company (NAPCO) did not conflict with his declared policy on foreign investment, Mr Papandreu replied: "It is unfortunate that we have been literally forced to do this. It has nothing to do with our policy on foreign investment."

The Prime Minister's view underlined his view that Greece tends to relationship with Turkey was by far the country's main foreign policy problem affecting almost all other aspects of its foreign relations, although daily incidents should be under the control of the Government.

"The decision of where and when to do a drilling operation



Modernisation of industry is imperative, says Dr Papandreu, (left). With him is the Deputy Prime Minister and Defence Minister, Yannikos Haralambopoulos.

in the Aegean could not be allowed to happen without the Government's green light."

However, Mr Papandreu strongly intimated that a compromise with the foreign companies in the consortium could be reached.

"We have tabled a bill which makes clear that negotiations can take place between the two parties within a three-month period. We are not looking to buy out the company if the company is prepared to accept a Greek veto. I repeat, it does not in any way alter our overall policy towards foreign investment."

Turning to Greece's role in international affairs, the Prime Minister said: "Greece is a country at the crossroads: east-west, north-south, in a very literal sense. It is a country that is European, Mediterranean and Balkan, and a foreign policy that takes the stereotype of East-West as a basis of development policy does not suit us."

Mr Papandreu said he did not like the notion of countries belonging to blocs but that Greece's reasons for staying in Nato—a policy which he realises—had to do with matters of national security specific to Greece.

"Leaving Nato, speaking absolutely realistically would make it far easier for Turkey to unleash a war against Greece. At least by being in it, it is difficult for Nato to remain inactive."

"We very simply say that we are not prepared to give up this legal status. Our position is also consistent with the Helsinki Final Act under which frontiers are not to be changed."

"The Greek position reminds one very strongly of the 'Lebensraum' philosophy of Adolf Hitler and Dr Goebbels," the Prime Minister said, pointing to statements by Turkish leaders which he alleged "confirmed what we had said for a long time that, really, Turkey is not prepared to accept the present legal status of the Aegean."

"They rely on a different legal concept called equity. They argue that their country should be seen in the same light as the size of Greece. That is it in these words: 'We shall become stronger and then you'll have to agree with us.'

Mr Papandreu stressed that Greece had made an offer to take the dispute over the Aegean continental shelf to the International Court of Justice at the earliest opportunity.

"We are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

Mr Papandreu said he had refused to go to the Hague.

Mr Papandreu also referred to the presence of Turkish troops and the presence of tens of thousands of Turkish settlers in North Cyprus as developments standing in the way of peace moves.

"Cyprus is an independent state. We believe strongly that neither Greece nor Turkey have any business mingling in Cypriot affairs."

There were two things on which Greece was not prepared to compromise: its insistence on the departure of all foreign troops from Northern Cyprus and Turkish from the island, except for the British sovereign bases.

Secondly, there must be an international guarantee for the security and integrity of Cyprus.

The Prime Minister said he deeply regretted recent statements by Mr Caspar Weinberger, US Secretary of Defense, and Mr Richard Perle, Assistant Secretary of Defense, describing the Turkish military presence in Northern Cyprus as "purely defensive and posing a threat to the Greek Cypriots."

He added, however, that a reasonably satisfactory clarification was later made by the State Department spokesman.

"We are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

They are disturbed that there is now a US Administration effort to turn Turkey into a major ally, because it does have the biggest standing army in Europe."

GREECE 3

Foreign Policy

More obliging to friends now

THE WESTERN world's "odd man out," as Greece has been described by its allies and European partners, irritated by what they consider to be the unneccessarily eccentric and even hostile policies adopted by Athens on a number of major international issues, has somewhat become "somewhat more accommodating—except towards Turkey."

Whatever the reasons—economic pressures and the Socialist Government's recent electoral setbacks may have something to do with it—Mr Andreas Papandreou, the Prime Minister, appears to be taking much greater care not to offend his friends.

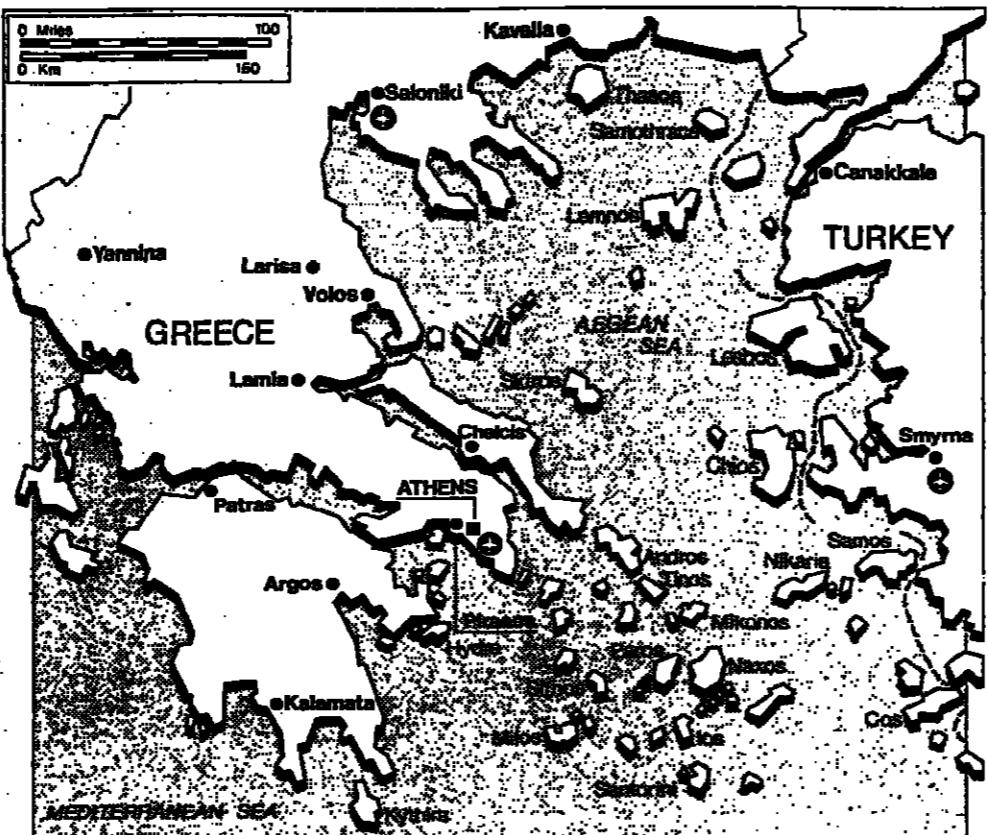
"The odd man in" would now be a more appropriate label, a diplomatic observer suggested. It is not that Mr Papandreou, a professorial figure with presidential charisma and some would say, powers, has changed his fundamental views. It is that he has progressively adapted them to the economic and political realities of a world on which Greece is dependent, while maintaining a specifically Aegean view of his country's interests and role.

Thus, there is no longer any talk of leaving Nato or the European Community and a much more benign attitude towards the US and the problem of American bases on Greek soil.

Yet it would still be misleading to say that Greece, "the cradle of western civilisation," does not feel itself to be fully part of the modern western world.

While denying any suggestion that he ever had any thoughts about taking Greece into the Eastern bloc, Mr Papandreou firmly rejects any notion that his country's foreign policy should be based on a permanent east-west orientation.

As a country at the crossroads between east and west and north and south, as the Prime Minister sees it, with at one and the same time, a European, Mediterranean and Balkan vocation, Greece necessarily has somewhat different priorities than Western Europe and the US. It wants to act as both a bridge between east and west, on the one hand, and Europe and the neighbouring Middle Eastern region on the other.



tries, dating back to the Ottoman empire and Greece's struggle for independence, has become even more acute over the past year.

No single item in the bulging file of disputes, which contains such explosive issues as the Cyprus problem, quarrels over the Aegean continental shelf and air space, Turkey's declared intention to apply for EEC membership and Nato military manoeuvres in the Aegean, implying the militarisation of at least one island, is anywhere near solution.

For years now, Cyprus settlement could be held to a wider debate, but the latest effort by Mr Perez de Cuellar, the United Nations Secretary-General, to set up "parallel talks" between Greek and Turkish Cypriots has again floundered.

This time it was Mr Rauf Denktash, the Northern Turkish Cypriot leader, who refused to go along with the UN proposal, arguing that the Greek Cypriots wanted to impose first of all a UN draft for a power-sharing federal constitution before meetings between the two sides could be held.

At the root of the problem, as far as the Greeks are concerned lies the continued presence of Turkish troops in the northern Turkish region of the island, which they invaded in 1974, and

the subsequent unilateral declaration of a self-styled "Turkish Republic of Northern Cyprus".

Greek Cypriots backed by Athens want the Turkish troops out before the implementation of a settlement, whereas the Turkish Cypriots want to keep them there until the new federal system is in place.

The situation has lately become exacerbated with the reinforcement of Turkish troops on the island to some 35,000, and the arrival of new military equipment from Turkey.

Meanwhile, tension between the two communities in the Aegean reached a climax at the end of last month when mutual sabre-rattling nearly led to a military clash. The immediate cause was a dispute over oil-drilling rights in the North Aegean, off the island of Thassos, where a Greek-based international consortium was planning to start drilling. The Turks claimed that these operations contravened the Berlin Agreement of 1976 between the two countries.

A depressing indication of the state of relations between the two countries is that a Greek offer to take the dispute over the continental shelf to the International Court at The Hague has been turned down by Turkey, thus making it even more unlikely that the problem will receive calm consideration.

Robert Maunher

Profile: Theodore Pangalos

An international outlook



Mr Pangalos, Deputy Foreign Minister in charge of European Affairs: a firm advocate of new Community financing proposals.

A FALSTAFFIAN figure, who clearly likes the good things of life, Theodore Pangalos, the 50-year-old Deputy Foreign Minister in charge of European Affairs, has done more than anyone else in the Greek Government to counter the widespread impression that Greece's commitment to European unification is at best lukewarm.

He has been helped in this task by an immensely likeable personality, an irrepressible sense of humour and an international outlook influenced by many years of political exile in France during the seven-year period of the military dictatorship, during which he was deprived of his Greek citizenship.

Those years of exile were devoted to promoting the return of democracy in Greece, but they also used to good effect in lectures at the Sorbonne on economic development and planning and running post-graduate seminars on aid to African countries.

If Greece is sometimes perceived as unnecessarily obstructive within the Community, Mr Pangalos puts this down both to the difficulties faced by a new member to adapt itself to unfamiliar policies and concepts and to his country's specific geographical location and interests.

"The British were in exactly the same position for several years after they joined," he maintains. "It must not be forgotten that when Greece entered the Community it was the only Mediterranean and underdeveloped member country at the time."

After all, Mr Pangalos points out, Britain was the odd man out during the Community discussions on financing and South African sanctions.

During the last three years, however, progress towards Greece's integration into the Community has been rapid. The number of complaints against the Greek Government before the European Commission has been reduced from 265 to 130 and there were now no more than 11 cases about Greece's non-compliance with the Treaty pending at the European Court of Justice. In other words, Greece was now no more than "an average offender."

The wider significance of the improved relationship with Washington and, indeed, of Greece's membership of the EEC and Nato, is that its international affiliations provide a restraining hand on temptations to escalate the conflict with Turkey.

The root of course, is equally true of Turkey, Aegean and Asian powers Greece and Turkey may be, in the first instance, but their Nato and European connections have probably prevented, so far at least, a very nasty military conflict.

Robert Maunher

rejects any suggestion that Greece is "soft" on terrorism, in spite of its refusal to go along with the Community's stand on Syria after the trial in London of a Jordanian found guilty of blowing up an Israeli airliner with the alleged collusion of the Syrian embassy.

Greece was as firm as anyone else in condemning people involved in terrorist acts.

"But we were not ready to say what the 12 finally said, that it was the fault of the Syrian government," he says.

The problem in the Middle East is that you can't possibly separate the question of terrorism from the political situation which has created it. Using the occasion of the trial in London of an individual involved in a terrorist act to cut off the Community from Syria was very serious and we were not prepared to participate in it."

In addition, Mr Pangalos stresses, the doubling of funds spent on regional social and structural problems is not Mr Delors' own idea. It was included in the Fontainebleau package of 1984, which dealt with Britain's budgetary reserves.

"The fact that it hasn't been implemented until now doesn't weaken it; it makes it more pressing," he says.

There were two ways of approaching the whole problem. The one was technical: to see that every member benefited more or less equally from the Community's policies. The second was that there must be a policy of "certain" between member states if they were to proceed to political union.

"That means that those who have more should find some appropriate way of strengthening those who have less," he adds.

Mr Pangalos categorically

Robert Maunher

1957-1987 HELLENIC SHIPYARDS Co
30 years serves shipping worldwide

AGENTS ABROAD:
• FRANCE C.P. MARIN TEL: 01 59 12 00
• SWEDEN HEGE SHIPYARD LIMITED TEL: 2000 00
• BOSNIA HEGE SHIPYARD LIMITED TEL: 2000 00
• GERMANY ZEPPELIN AG TEL: 44 44 44 44 44
• SPAIN OCEANIA S.A. TEL: 44 44 44 44 44
• ITALY TECNO SHIPYARD LTD TEL: 2000 00
• ENGLAND VAN OORDEN TEL: 2000 00
• GREECE HELLENIC SHIPYARD LTD TEL: 2000 00
• CYPRUS HELLENIC SHIPYARD LTD TEL: 2000 00
• NORWAY OSLO SHIPYARD LTD TEL: 2000 00
• SWEDEN HEGE SHIPYARD LIMITED TEL: 2000 00
• DENMARK INTERNATIONAL SHIPPING SERVICES A/S TEL: 2000 00

the Greek international Bank

National Bank of Greece, the leading bank at home,
is the international Greek bank.

Operating a network of 550 branches spread throughout Greece

and in major cities around the world.

it ranks among the most vigorous credit institutions world-wide.

With a deep sense of commitment and responsibility,
the National Bank of Greece, drawing upon its long experience
and utilizing modern technology and methods,

can offer solutions to your special financial requirements,

wherever you happen to be.

Please call on us today and trust us

with your problems and business plans.

NATIONAL BANK
OF GREECE
from 1841 into the future

GREECE 4

Banking and Finance

Interest rate war

BANKERS in Greece are likely to look back on 1987 as a landmark year. Last February, a committee of state bank and economy ministry officials unveiled a comprehensive package of proposals for the liberalisation of the Greek banking system, by dismantling the existing complex system of reserve requirements and regulated interest rates which are negative relative to the 17 per cent rate of inflation.

The proposals, which build on a reform effort which has been quietly under way since 1983 on the initiative of the Bank of Greece, also envisage a rationalisation of the role of the central bank in the development of an active capital market in three phases.

So far over the past three years the Bank of Greece has consolidated the previous web of over 100 interest rates in four basic rates, and relaxed the case control of lending by the central bank, allowing individual banks greater freedom to set their own portfolios.

At the first sample of the changes to date, the Bank of Greece issued a decision at the end of February, setting banks free to determine their own interest rates on seven day to three month time deposits, thus sparking off the first ever interest rate war in the history of the Greek banking system. The gauntlet was thrown down in mid-March by Barclays with an offer of 9 per cent annual rate on seven day time deposits, 12 per cent for one month and 13 per cent for three months, for a minimum deposit of drachmas 25m.

The reform plans have been greeted warmly by both Greek and foreign bankers. State banks account for about 80 per cent of the market in Greece, with foreign and small Greek private banks sharing the remainder. Their only criticism is that the committee has not set a specific time-table for the implementation of its proposals, which are to be discussed over the next month with banks and trade unions.

"The reform package has pleased everybody. It is a step in the right direction. We only hope that it won't turn out to be a case of the spirit being willing, but the flesh weak," one banker says.

At the same time bankers say they share the committee's position that a radical reform of the banking system has to be pre-

Despite problems, most banks report satisfactory profitability.

Plans for the liberalisation of the banking system have been warmly greeted by Greek and foreign bankers alike

should be combined with freezing lending rates, dismissing fears that the latter would lead to a sharp increase in the cost of capital for the troubled industrial sector.

"Suppose lending rates were freed, and we decided to go for a constant interest rate increase from the 21.5 per cent we have today to 26 per cent for example. We would drive our customers under - and we would go under with them. Our interests are in fact interlocking," says a banker.

"By starting the liberalisation of interest rates on one side of the balance sheet only it is made difficult for banks to exercise asset-liability management."

Both Greek and foreign banks say they have been severely affected by the liquidity squeeze generated by the Government's economic stabilisation programme launched at the end of 1985. The Economy Minis-

try's view is that this squeeze has had a beneficial effect, in that it has forced banks to rationalise their portfolios.

"Banks are having to be more selective regarding who they can lend to, and that's not a bad thing," says an official, invoking the case of dozens of financially ailing firms with debts of billions of drachmas to the banking system, which the government has taken in hand under a costly rescue programme.

Despite problems, banks say profitability remains satisfactory. Greek banks cite net profit ratios in relation to own capital ranging from 17 per cent, while foreign banks estimate returns on capital ranging from 12 per cent to 16 per cent.

"Some have run into trouble over bad industrial or shipping loans - it's largely a matter of luck. But on the whole, foreign banks are making money in Greece," comments a foreign bank manager. The challenge for Greece, foreign bankers say, is to attract new banks.

A recent Bank of Greece decision simplifying existing procedures for the repatriation of profits is seen as a welcome, but not sufficient, gesture of goodwill. Foreign banks say their most important problem is that of drachma funding.

"Right now our life-blood is dollar to drachma swaps with the central bank. We would like more indigenous funds for indigenous loans, so that we are not dependent on funding from abroad, particularly against country limits," says one.

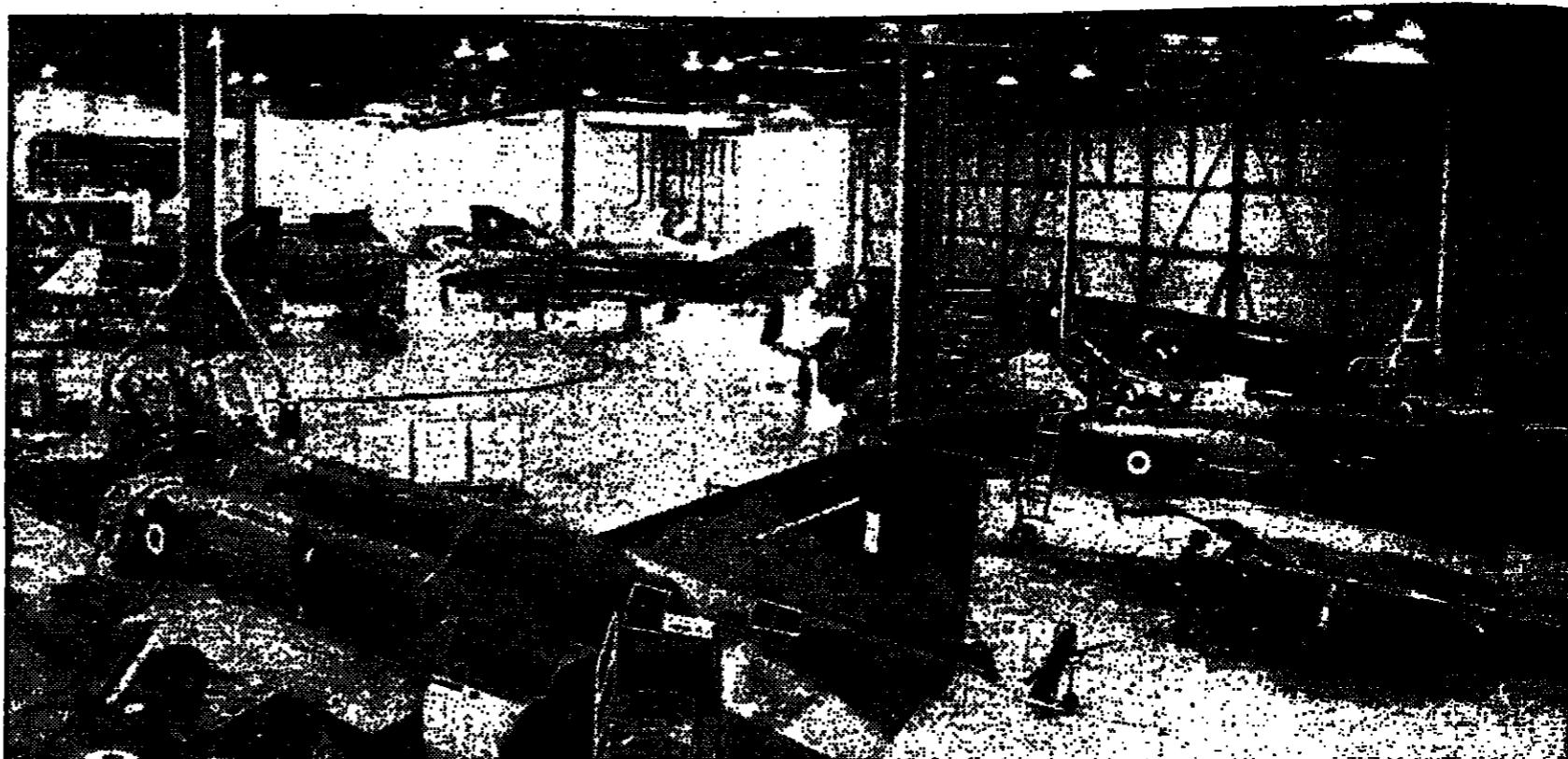
Another key reform in their view is the full liberalisation of foreign exchange controls, to accompany the normalisation of interest rates.

"Failure to push these reforms through won't mean an exodus of foreign banks from Greece. However, it will mean new banks are going to come here, and that the foreign banks' share of the market, about 14 per cent, will shrink in favour of small and medium size Greek banks," predicts a foreign banker.

Greek bankers meanwhile add that, in their view, the market can support more local private banks, and that the main area of future competition will be that of retail banking services.

"The name of the game will be how to attract savers, particularly if the stock exchange starts moving," says one.

Andriana Ierodiaconou



Maintenance work by the Hellenic Aerospace Industry on military aircraft. HAI performs a high level of work on more than 20 different aircraft types

Prospects for manufacturing

Industry faces a deadline

THE PRESIDENT of the Federation of Greek Industries (SEB), Mr Theodore Papalexopoulos, has a vision for the future. It is that of Greek enterprises successfully competing in a single European Community market.

SEB hopes, however, that in the course of 1987, the Bank of Greece will be able to meet industry's long standing demand for a reduction of lending rates. The authorities have indicated that lending rates will be brought down when deposit rates become positive relative to inflation, which they hope to reduce to 10 per cent compared to 16.5 per cent in 1986 by the end of this year.

This year above all, is expected to be "the year of trial" for Greek export industries, as the authorities begin to dismantle the existing regime of export subsidies to comply with EEC regulations.

Subsidies were cut to 45 per cent of previous levels last January, and are to be completely eliminated in three equal annual stages by 1990.

According to Economy Ministry forecasts, consumption is expected to decrease by 1.2 per cent in 1987, accompanying a further reduction of between 2 and 3 per cent in real disposable income.

Shortage of capital will continue, as the authorities strive to reduce the expansion of commercial bank credits to the public and private sector to 11.2 per cent this year.

SEB hopes, however, that in the course of 1987, the Bank of Greece will be able to meet industry's long standing demand for a reduction of lending rates. The authorities have indicated that lending rates will be brought down when deposit rates become positive relative to inflation, which they hope to reduce to 10 per cent compared to 16.5 per cent in 1986 by the end of this year.

This year above all, is expected to be "the year of trial" for Greek export industries, as the authorities begin to dismantle the existing regime of export subsidies to comply with EEC regulations.

Subsidies were cut to 45 per cent of previous levels last January, and are to be completely eliminated in three equal annual stages by 1990.

According to ministry figures, private investments went up by 3.5 per cent last year, mainly reflecting an increase in construction, while a further 2 per cent increase is expected in 1987.

Investments, however, decreased overall last year due to a sharp 19.8 per cent drop in public investment, which is expected to register a further 5 per cent reduction in 1987. Despite attractive incentives, an uncertain business climate has kept foreign investment at very low levels.

SEB's major complaint against the Government is of "fostering a privileged public sector at the expense of the private" and of not having taken decisive enough steps to dismantle interventionist controls which were the legacy of previous conservative administrations, including regulated prices and interest rates and restrictive labour legislation.

To shake off the public sector's dominant role, IOBE estimates that with an expected increase in budget expenditures of 1.6 per cent and assuming an 11.9 per cent increase in nominal GDP, the public sector's share of spending is to go up this year to 45.12 per cent of GDP from 42.5 per cent of GDP in 1986.

The Government for its part often blames Greek industrialists for a lack of entrepreneurial spirit on which the future of the Greek economy largely depends. It is in this spirit that Dr Andreas Papandreou, the Prime Minister, recently called for "a new class of entrepreneurs" to move Greece's industry forward.

"We can talk about stabilisation for as long as we like, but the real problem lies with the modernisation of the economy," says an Economy Ministry official. It is a problem which the federation of Greek industries has taken to heart.

Andriana Ierodiaconou

Greece under Bull's eye view

If you want to make a sound investment today you should seriously consider Greece.

Greece is offering some of the best opportunities for profit minded people under the special Laws 1262, 2687 and 170/86, which provide strong incentives such as:

• Investment grants up to 50% • Own capital as little as 15% • Tax-free profits up to 90% • Capital and profit repatriation.

And of course, people dedicated to quality and productivity. So if you want to discuss profitable investments in Greece talk with us.

We can help you.



ETBA

HELENNIC INDUSTRIAL DEVELOPMENT BANK S.A.
18, Venizelou Str. 106 72 Athens - Tel. 3237981 Cable Address - ETVA BANK Telex: 215203 ETVA GR.

DETROP '87
Contains the taste of success

From 27 until 31 May, come to Thessaloniki to DETROP '87 to see the International Exhibition for Food - Beverages - Machinery and Equipment, successfully organized by HELEXPO since 1976, always up to international standards.

The most significant forces of production as well as the distribution and trade sectors of food, beverages, machinery and equipment, from Greece and many other countries, meet at DETROP, their usual rendez-vous, every two years.

At DETROP '87 you will be able to see, to get up-to-date, to deal, to approach new markets to seal lucrative transactions.

Accompanying events : Congresses, Seminars, gastronomic events.

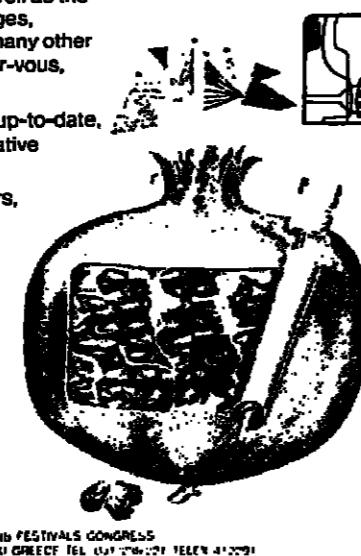
We are awaiting you from 27 - 31 May in Thessaloniki.

Within the context of DETROP '87 there are for the first time:
SEMINARS ON THE GREEK WINE
28, 29 and 30 May 1987
In specially arranged exhibition areas.

DETROP '87

9th INTERNATIONAL EXHIBITION
FOR FOOD - BEVERAGES -
MACHINERY AND EQUIPMENT

27 - 31 May, 1987
in Thessaloniki



HELEXPO

THESSALONIKI
OFFICIAL ORGANIZER OF INTERNATIONAL FAIRS EXPOSITIONS FESTIVALS CONGRESSES
HEAD OFFICE 154 EGMATI STR. GR-54620 THESSALONIKI GREECE TEL. 011-726257 TELEX: 412004

SPRING FAIR OLYMPIC
INTERNATIONAL

Shops and restaurants in the Plaka district of Athens, the capital city and home of 4m people, or just under half of the nation's population. With more than a million cars in circulation, the streets of central Athens are often blocked with traffic jams, helping to cause a pollution cloud that hovers over the capital on most warm days. The main international airport at Hellinikon is located 10 km from the city.

Picture by Tony Kirk

Hellenic Wool Industry

FINTEXPORT S.A.

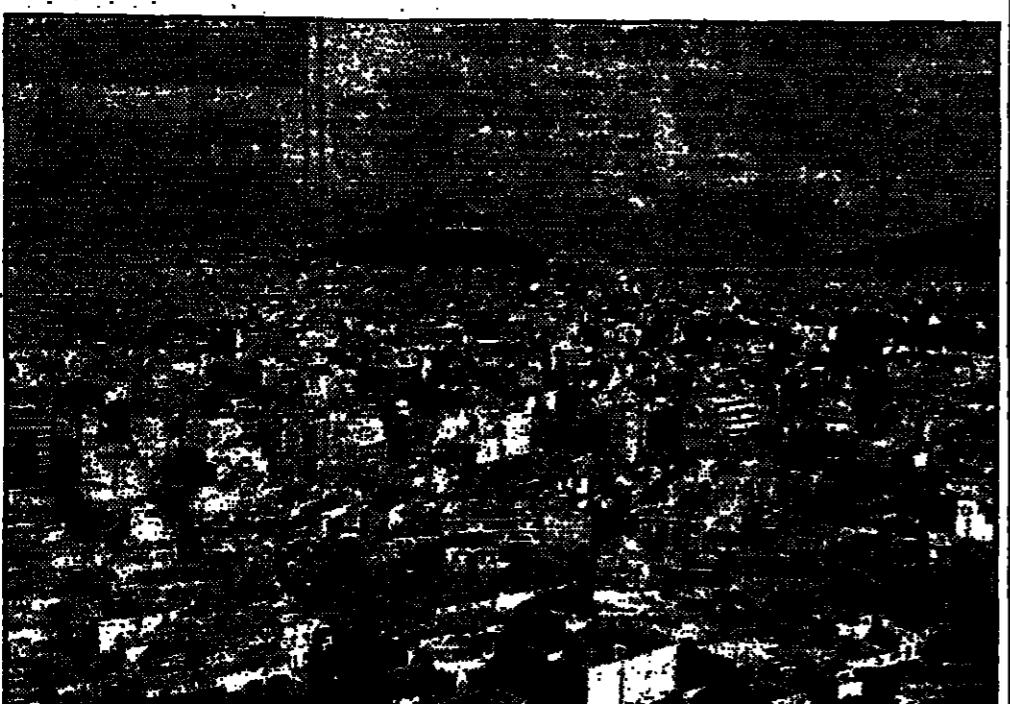
The Hellenic Wool Industry FINEXPORT S.A. is the sole Greek manufacturer of the BERBER line of carpets.

Its daily production of 5,000 square metres is exported to the United States, Canada, the Middle and Far East and all over Europe.

Enquiries welcomed at:

FINEXPORT S.A., 21 Helmu Street, 145 65 Agios Stefanos, Attica, Greece.
Tel.: (01) 8141003. Telex: (21) 4984 FINTE GR. Telefax: (01) 8141980

GREECE 5



Athens is an industrialized city, but the new mayor wants to turn it into "the Miami of Europe."

The future of Athens

A city in transition

GREECE is much more than its capital, Athens. Yet in many ways Athens can be said to be the heart of Greece. Four million Greeks, just under half the country's total population, live in the greater Athens area. Of these, only a very small percentage are Athenian-born and bred. The rest have flocked to the capital in quest of jobs since the end of World War Two, from all parts of the country.

One of the features of life in Athens is its "youth". While it boasts an internationally-praised view of the Acropolis rock and the Parthenon. No matter that many Athenians have never visited it; to them the monument is still a symbol of their classical heritage, and, as such, a source not only of pleasure, but of pride.

Daily living conditions in modern Athens, however, are less than perfect. With close to one million cars in circulation, and highly centralized services, central Athens' streets are blocked with traffic jams virtually around the clock.

Cars are believed to be the major cause of the "nefes," the pollution cloud that hovers over the capital on most warm days, trying its inhabitants' health and slowly turning the marble of the Acropolis monuments into clay. The factories to the west of Athens produce about a third of Greek industry estimated to be concentrated, compound the problem.

Unchecked noise, parking on pavements and a lack of green spaces—Athens provides only around 2.5 sq metres of green for each inhabitant, significantly less than other European cities—are additional disadvantages.

Mr. Miltiades Evert, the recently elected mayor of Athens, has a vision for the city; he would like to see it become "the Miami of Europe."

Athens developed as an industrial city after the Second World War. The rest of Greece was ravaged and the trend was to move from the countryside to the capital, which concentrated a lot of problems here.

"Now we have to ask ourselves what the future role of Athens should be and I believe the answer to that is, a

service centre for the eastern Mediterranean, in banking, insurance, transport, culture and also develop high quality tourism, attracting back travellers who now bypass it and make straight for the Greek islands, and it could serve as an international conference centre," says the mayor.

Mr. Evert, whose stocky build and forceful manner have earned him the nickname of "the bulldozer," fought and won a campaign for the mayor's seat in October on a platform of transforming Athens through a seven-year, Dr 350bn development project package.

It is an indication of Athenians' thirst for some beauty that might relieve the starkness of the urban landscape, that one of the most popular features of Mr. Evert's campaign proved to be a billboard poster featuring no words but only an ethereal drawing of a young girl with flowing hair, carrying a bouquet of flowers.

As a member of the conservative New Democracy opposition party, whose victory over the Socialist incumbent gave Greece its own version of France's "cohabitation," Mr. Evert admits that the Socialist Government's co-operation is going to be essential in the effort to transform the face of Athens.

We are locked into compulsory co-operation. So far, however, we are working together in a good spirit," he says.

The mayor applauded a recent Government decision to forge ahead with the long-standing project of expanding Athens' single-line urban railway system at a cost of some Dr 150bn, with the help of European Community and other outside financing. The Government has invited international companies and consortia to submit tenders, including financing proposals, by May.

According to Mr. Evert, the Athens "metro" project, as it has been dubbed, will be the centrepiece of his campaign development package, the key to starting to solve Athens' traffic and pollution problems.

In addition, in the mayor's view, the metro must be at least

Andriana Ierodiaconou

40 per cent completed by 1990, if Athens is to be able to consider seriously hosting the 1996 Olympic Games.

Mr. Evert's campaign, which

A MAJOR review of maritime policy is under way in Greece as the Socialist Government of Prime Minister Andreas Papandreou seeks to stem a steady decline in the number of ships flying the Greek flag.

The figures are stark according to Lloyd's Register of Shipping, more than 1,787 ships, totalling 13.6m gross tons have left the Greek register since it peaked at 3,822 ships of 38.4m gross tons in 1980.

There are many observers in Athens, including Mr. Stathis Alexopoulos, the Minister of Merchant Marine, who claim that Greece has coped with the deep recession in world shipping better than most of its traditional maritime competitors.

On the face of it, there is some truth in this suggestion: the UK fleet, for instance, has declined by 15.5m gross tons over the same period, while the Norwegian register has declined by more than 10m gross tons from a much larger base.

It is also true that Greece

remains the most important maritime nation in the EEC, and has the fourth biggest fleet after Liberia, Panama, and Japan.

Nevertheless, there is growing concern about the continuing decline, and the increasing willingness of states and individuals to demand Greek owners to use flag of convenience, or "open" shipping registers such as Panama.

Mr. Alexopoulos has held a series of talks in recent weeks with Greek owners in Athens and London, where most com-



Ships anchored at Piraeus.

panies maintain an office close to the major sources of maritime finance.

The Government is refusing to comment on the talks until the shipping ministry has reached a conclusion on the action that is necessary.

But it is clear that a number of fiscal measures are being considered, including the possibility of tax relief for shipowners bringing in desperately needed

Shipping

Plan to halt decline



A FISHERMAN, above, on the quayside of the peaceful fishing village of Souni, on the island of Aegina (also seen above right).

Despite the impressive tourist attraction of such places, the tourism industry has suffered from adverse publicity abroad, following incidents such as terrorists boarding an Athens-Rome flight and, more recently, the crisis in the Aegean which brought Athens and Ankara to the brink of war. It is estimated that Greece lost around \$500m in revenues from tourism as a result of cancellations by US visitors, following the TWA hijacking incident.

While the majority of overseas visitors arrive by air—Athens airport at Hellinikon is served by all major international airlines—many visitors come by surface routes, using frequent ferry services between Italy and France to Piraeus, and car ferry services between Ancona in Italy and Patras.

There are road and rail routes from most parts of Europe, via Italy, Yugoslavia and Bulgaria.

foreign currency. Meanwhile, officials say it is too early to judge the success of concessions on crew costs introduced at the end of November after a long strike by the shipowners, who claimed they were at a disadvantage compared to other European owners.

This bill has been delayed for more than a year by pressure from the Union of Greek Shipowners, which says its members cannot absorb the loss of competitiveness which the extra

nature of the ships involved, and up to 40 per cent of seafarers can be recruited abroad, providing no Greek seamen are available for work.

Speaking after his meeting with Greek shipowners in London, Mr. Alexopoulos conceded that the international shipping crisis was biting hard, and that owners were pressing for further reductions in crewing requirements.

"The measures we have taken are the outcome of a very long and in-depth study, and the most important thing is that these measures in no way affect the safety of shipping," he said.

"I have declared before that Greece will never think of making its flag open to foreign flags, and we are determined to keep the reputation and respect of the Greek flag even if we are reduced to only one ship."

Mr. Alexopoulos said he was confident that Greek shipowners would stand by the national flag because of the overall advantages it offered compared to the cheaper and less well supervised flags of convenience.

Greek officials confirmed, however, that the decline of the register had continued in the first three months of this year.

Kevin Brown

panies will cause.

Meanwhile, officials say it is

too early to judge the success of

concessions on crew costs intro-

duced at the end of November

after a long strike by the

shipowners, who claimed they

were at a disadvantage com-

pared to other European

owners.

The minimum crew on a

Greek vessel is now 17, though

this varies with the size and



A GREEK BANK WITH 148 YEARS OF SUCCESSFUL OPERATION.

International companies need international banks. But they also need national banks with a proven record of successful operation. Like Ionian. A Greek bank operating in Greece. A bank with a deep knowledge of the Greek market and its idiosyncrasies. A bank with a large national branch network - 160 branches covering the whole country. A bank with a local currency financing capability which is among the highest in Greece. A bank with 3,000 people trained and ready to offer the service your company needs and expects from its bank.

IONIAN BANK

Ionian & Popular Bank of Greece - 45, El. Venizelou Str, GR-10243 ATHENS

Tel: 3225501-6, Telex: 215269 IPAT GR - Cable Address: JONPOBANK - ATHENS

In BusinessWeek's

1985 International Corporate Scoreboard* amongst 1000 Banks and other businesses of the Western World

ERGOBANK

a Greek commercial bank

came 2nd as regards Return on Book Value (80%) and 9th as to Highest Margin (39.5%).

In 1986

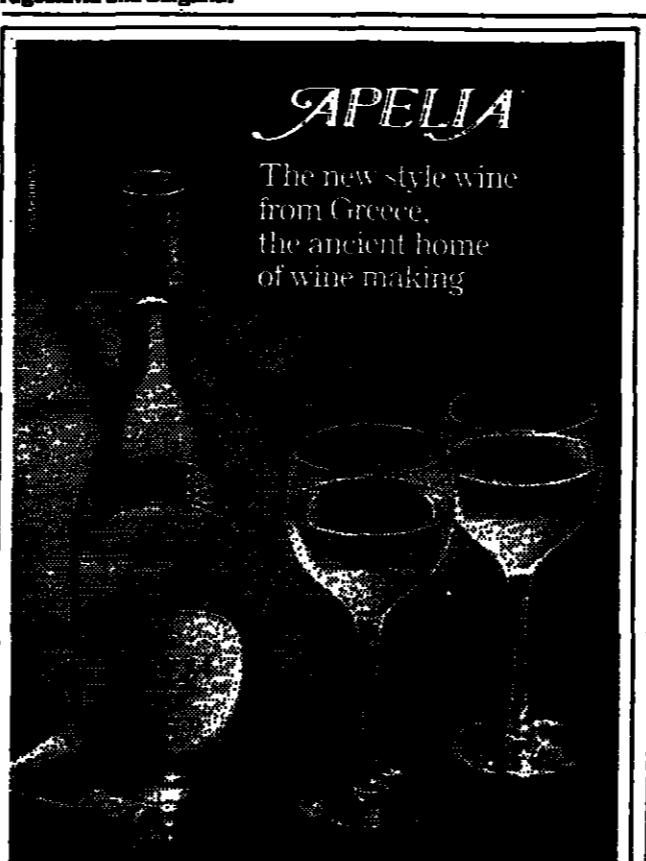
ERGOBANK

improved on that

E ERGOBANK SA

Athens - Greece

*BusinessWeek July 21, 1986



AGENT FOR THE U.K.: MR. N. BAIRD & MRS. S. BAIRD-TOUNIS, HOME FARM, UPPER WOOLHAMPTON, BERKS RG7 SUA
TEL. (0734) 712629 OR TEL. (0562) 596564 TLX 825503 KELBND G

COME CRUISE WITH EPIROTIKI FOR A WORLD OF DIFFERENCE

choice 1,3,4,7 and 14 days

EPIROTIKI CRUISES

87, AKTI MIADULI, PIRAEUS, GREECE
TEL: 4526.041-6, 4526.782, 4526.756
CABLES: APOTAMINOS
TLX: EPIR GR 212302 212741, 212575

CONSTRUCTION CONTRACTS

This advertisement complies with the requirements of the Council of The Stock Exchange. It does not constitute an offer or invitation to the public to subscribe for or to purchase any Securities. The Securities referred to below have not, as part of the distribution, been registered under the United States Securities Act of 1933 and may not be offered, sold or delivered directly or indirectly in the United States of America, its territories or its possessions or to United States persons.

6th April, 1987

General Motors Acceptance Corporation of Canada, Limited

(incorporated under the laws of Canada)

Canadian \$100,000,000

5½ per cent. Notes due October 15, 1992

Guaranteed as to payment of principal and interest by

General Motors Acceptance Corporation

(incorporated in the State of New York, United States of America)

The following financial institutions have agreed to subscribe for the above Notes:-

Union Bank of Switzerland (Securities) Limited	McLeod Young Weir International Limited
Chemical Bank International Limited	Orion Royal Bank Limited
Merrill Lynch International & Co.	
Banque Bruxelles Lambert S.A.	Banque Générale du Luxembourg S.A.
CIBC Limited	Commerzbank Aktiengesellschaft
Crédit Commercial de France	Crédit Lyonnais
Deutsche Bank Capital Markets Limited	Dominion Securities Inc.
Hambros Bank Limited	Morgan Stanley International
Nomura International Limited	Pemberton Houston Willoughby Bell Gouinlock Inc.
Salomon Brothers International Limited	Société Générale
Swiss Bank Corporation International Limited	Toronto Dominion International Limited
Union Bank of Switzerland (Securities) Limited, The Stock Exchange Building, P.O. Box 406, London EC2N 1EY	Casson & Co., 12 Tokenhouse Yard, London EC2R 7AN

The issue price of the Notes is 101½ per cent. and accrued interest, if any. Interest on the Notes is payable in arrears, the first such payment being due on 15th October, 1987 in respect of the period from 15th April, 1987 to 15th October, 1987 and thereafter on 15th October in each year. Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List.

Listing Particulars relating to General Motors Acceptance Corporation of Canada, Limited, General Motors Acceptance Corporation and the Notes are available in the statistical services of Exetel Financial Limited and copies may be obtained during usual business hours up to and including 8th April, 1987 from the Company Announcements Office of The Stock Exchange and up to and including 21st April, 1987 from:-

Union Bank of Switzerland (Securities) Limited,
The Stock Exchange Building,
P.O. Box 406,
London EC2N 1EY

Refurbishing the Adelphi Building

TROLLOPE & COLLS, company part of the building and civil engineering division of the Trafalgar House Group, have recently been awarded contracts totalling over £23m.

The largest, for Trollope & Colls Management is for the refurbishment of the well-known Adelphi Building in John Adam Street, London WC2. Awarded by Minstercare, however, the contract worth £2m and will provide 22,000 sq ft of office accommodation which the company will use as a new UK headquarters.

Other projects include construction of a 27,500 sq ft conference and production block in High Road, Willesden, NW10, for the London Borough of Brent.

Trollope and Colls City has been awarded three contracts. The first, for Lloyds Bank Monument Building at Fins Street

Hill, in the City of London, is a contract worth £200,000 and involves refurbishment of the ground, first and second floors.

Under a contract from the City of London, a film refurbishment and improvement is to be made to the Central Criminal Court at the Old Bailey. Works to the 1807 building will be carried out during a six-week period.

The third contract is for alterations and refurbishment works to the basement, third, fourth and fifth floors at Queen Street, London EC4, for the British Film Institute's Franklin Building.

The contract is worth £500,000 and is due for completion in 13 weeks.

Trollope and Colls Construction has been awarded a £3.5m contract to build an office and retail development in the heart of the historic "Lanes" area of Brighton, Sussex.

The project will start in mid-May, with first occupations scheduled for April 1988, and final completion in December 1988.

Contracts totalling £10m have been awarded to **NEWMAN BUILDING SERVICES**. Among them is a computer centre at Gloucester for Barclays Bank, and in the City of London, Leadenhall Court, an office development for Legal & General. The Barclays Bank work is for air conditioning, heating, public health and other services covering 23,500 sq ft. Similar work at Leadenhall Court is worth £2.6m, and at Selfridges will cost £1m.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The work involves the construction of 50 tonnes floor complete with steel frames and underground car parking, together with renovation of the chapel to provide further accommodation.

The easiest way to get your Financial Times is to have it delivered.

Six days a week you'll have your international business paper without fail.

Country	Currency	6-Month Subscription	12-Month Subscription	24-Month Subscription
Austria	ÖS	2465	4475	7610
Belgium	BFR	6040	10980	18670
Denmark	DKK	1450	2800	4850
Finland	FMK	870	1580	2690
France	FFR	895	1630	2775
Germany	DM	330	596	1015
Luxembourg	LFR	6040	10980	18670
Netherlands	NFL	365	665	1130
Norway	NOK	1050	1920	3265
Sweden	SEK	1115	1950	3315
Switzerland	SFR	295	545	930
Greece, Italy Spain, Turkey†	DM	380	695	1180

Currency rates are only valid for the country in which they are quoted.

†Local currency rates available on request.

Hand-delivery services are available in the business centres of most major cities throughout the world. Please tick the box on the coupon for more information.

If you are interested in delivery to any country other than those identified above then please fill in your name and address to which you would like the information delivered, on the form below.

Yes please, I would like to subscribe to the Financial Times for:

6 months 12 months 24 months

Allow up to 21 days before delivery of your first copy.

I authorise you to, Bill me

Charge to my American Express/Diners Club Card account.

Card No: - - -

Name _____

Title _____

Company _____ Tel: _____

I would like details on your hand-delivery service.

Rates for countries not listed will be advised on request: tick and return this coupon without obligation.
Please advise subscription rates for country shown.

Country _____

Address to which I would like my Financial Times delivered:

I understand that I can cancel my F.T. subscription at any time and that you will refund the price of the undelivered issues.
Subscription prices valid until 30 September, 1987.

Signature _____

To: Subscription Department, Financial Times (Europe) Limited,
Guilletstrasse 54, 6000 Frankfurt/Main 1, West Germany.
Tel: (069) 75980, Telex: 416193.

FINANCIAL TIMES
— Europe's Business Newspaper —
LONDON • FRANKFURT • NEW YORK

D

MANAGEMENT

AT FIRST sight it looks like a takeover raider's dream.

Pearson, the publishing, banking and industrial conglomerate, is the owner of some of Britain's most exclusive product names in an age when strong brands are among the most prized booty of corporate predators.

Its assets include the Financial Times; book publishers Penguin and Longman; half of Lazard Brothers, the merchant bank and a similar share in The Economist magazine; Royal Doulton, the world's biggest manufacturer of fine china; and Madame Tussaud's, the waxworks.

It is hardly surprising, then, that for a year now Pearson has been dogged by rumour of an impending takeover bid designed to break up the company. The swirl of speculation intensified last autumn when Hutchinson Whampoa, the Hong Kong group controlled by Mr Li Ka-shing, took a 4.9 per cent stake in it. But no bid has materialised and City analysts feel the chances of one are receding: any predator would face numerous hurdles which, while not individually insuperable, might together militate against him gaining control at an attractive price.

But the perception that Pearson is "a bit of a bought into play" has nevertheless focused attention on the logic, strategy and management of this most unusual of conglomerates.

It has also served to keep Pearson's board on its toes, both in terms of financial performance and public image. The group's small head office—perhaps fittingly located on two anonymous floors of London's Millbank Tower—has traditionally kept a low public profile, leaving its individual businesses to speak for themselves. The few public faces that are better known than the whole.

But that is changing. A corporate advertising campaign is in the pipeline, while at a recent press conference to announce the 1986 results—pre-tax profits up 11 per cent to £121.1m—Lord Blakenham, the chairman and chief executive, was at pains to stress the role of the centre in the structural and personnel changes which have substantially reshaped the group over the past five years.

City analysts say these changes have much improved the performance of the business—though some argue that the management is still not sufficiently ruthless or fast enough on its feet.

"The record is really rather good, and better than a lot of people realise," says Bruce Jones of brokers Kitcat & Aitken. "There is still a slight feeling of gentlemen engaged in business, but doing it rather successfully."

The gentlemanly image annoys Pearson—as do well-worn descriptions of the group as "a collection of rich man's playthings" or a "pedigree dog's breakfast". But however fast the group is changing, these are not labels it is that easy to shake off, given the curious history of the company and the eclectic nature of its interests.

It was founded in the mid-19th century by one Samuel Pearson, a small Yorkshire building contractor. But it was under his grandson Westman Pearson, who was to become the first Lord Cowdray, that it really took off. Westman was one of the most remarkable entrepreneurs of the Victorian age, creating an international company which took on some of the leading contracting jobs of the day.

He left to his heirs a motley collection of interests: largely in the oil industry, but also in publishing (through various newspapers which laid the basis of Pearson's Westminster Press provincial group), in general banking and in merchant banking (through an interest in Lazard's, bought in 1919).

Pearson retains this basic shape today—its four core areas are publishing and entertainment, banking, fine china and the oil industry—but Cowdray's heirs greatly expanded the base through acquisitions. In publishing, for example, these included the Financial Times (1957), Longman (1968) and Penguin (1970-71). But they also moved into a wide variety of other unrelated businesses, such as a controlling stake in Chateau Latour, arguably the most consistently superb of the great first growth clavets.

The company only went public in 1968—largely because of the burden of death duties—and family interests are said still to speak for over 20 per cent of the group, which today remains headed by a member of the Cowdray family—Lord Blakenham's mother was a daughter of the second Lord Cowdray and his father was former Tory Minister John Home.

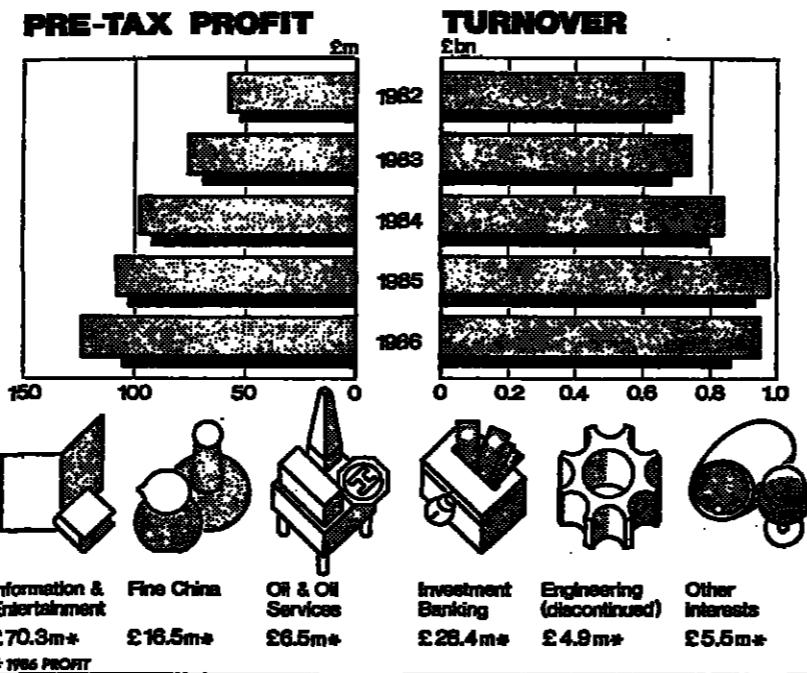
The chairman's pedigree might seem bound to compound Pearson's "gentlemanly" image problem, yet despite it Blakenham has gained respect in the City for the reforms he has pushed through since becoming chief executive in 1978.

A youthful-looking 49, he is a quietly spoken man with a self-effacing manner. He lacks the high profile and strong identification with his business in the public mind which is enjoyed by several self-made builders of conglomerates such as Lord Hanson of Hanson Trust, Sir Owen Green of BTR, or Tiny Rowland of Lourho. His background, though, is

Pearson

A belated conversion

Martin Dickson asks whether the UK conglomorate's efforts to raise its performance have been sufficient to offset the potential threat from a corporate raider



solidly industrial: after Eton and the army he took an apprenticeship with English Electric to gain experience of industry. This was followed by a degree in economics at Harvard, three years with Lazard's, and a long spell with Standard Industrial Group, a standard industrial holding company where he became managing director before moving on to Royal Dutch.

Nine years ago, when he became chief executive of Pearson, the business was clearly in need of a substantial shake-up. And the road has not been smooth, though continuing two well-known industrial themes: first, the natural difficulties of changing a privately-owned business, geared to capital growth, to a publicly-owned one where the emphasis is on earnings growth.

Second, the rationale for the existence of conglomerates which, by definition, lack a clear industrial logic. At one time it was fashionable to defend these creatures on the grounds that their spread of interests offered shareholders a counter-cyclical balanced investment, or that they offered potential economies of scale.

But in these days of break-up bids, conglomerates can only hope to justify themselves by a yardstick that they manage their mix of businesses better than anyone else, and that the whole is more than the sum of the parts.

In the late 1970s Pearson might have found this hard to argue. It had a clumsy corporate structure and the quality of some of its top managers was questionable. Critics argued (and echoes of this are sometimes still heard today) that the pedigree nature of Pearson brand names may have bred in some executives a degree of complacency, rather than a desire to squeeze the maximum potential out of them.

Blakenham's attack on the problems has been three-fold.

• Strengthening the centre. Until 1982, Pearson had a curious group structure, dating from the days of family ownership. Below the main board was a series of holding company boards, grouped roughly by industrial sectors, to which the various operating companies reported. The holding companies were an unnecessary

layer of management which made it difficult to realise any strategic objectives for the group as a whole, or to allocate resources between its parts.

Blakenham abolished them, and as part of this process bought a minority shareholding in Pearson's London-based publishing part of the empire which until then had a separate stock market quotation (a first attempt to do so four years earlier had founderered on institutional opposition to Pearson's terms).

The result has been to bring the subsidiaries into much more direct contact with the main board. Blakenham also introduced a more rigorous system of management and financial controls, with the chief executives of subsidiaries being called to meetings at Millbank Tower every quarter to account to board members for their affairs.

Yet critics argue that, with Hale's departure, the executive directors lack experience of running multinational businesses, apart from Pearson, and suggest the board has fewer strictly financial experts than some other major conglomerates.

• Changes in management. The quality of the group's line management has been improved through the introduction of new blood and performance related

pay schemes, linked mainly to trading margins and return on capital employed.

An early success was the appointment in 1978 of American Peter Mayer to head the then ailing Penguin books business. He restored it to health with a much stronger emphasis on marketing and on the publication of more popular titles.

In newspapers, Frank Barlow took over as chief executive of the Financial Times in 1983 in the wake of a disastrous 10-week strike. Helped by a booming stock market, the paper has made more profits in the past two years than for the previous quarter of a century and is now—some way behind the Fleet Street pace-setters—on the mend of a delicate £70m investment programme to move to new technology. Barlow has also carried out a large rationalisation programme at the group's Westminster Press provincial chain which has won City approval.

At Royal Doulton, Stuart Lyons, who was managing director of the UDS department store business before its takeover by Hanson Trust, has, for the past two years, been overseeing a substantial change in management structure and marketing methods. City analysts, however, have yet to be entirely convinced about the strength and flair of this division, which saw profits drop last year.

• Disinvestment. While building up core businesses through acquisitions, Blakenham has been selling off more peripheral interests, including last year the entire Fairview engineering division, on the grounds that its relatively small, diverse businesses would require too many resources to be built into a strong international presence.

Yet many of those engineering companies were only acquired by Pearson in 1980, underlining, perhaps, a lack of clear strategic direction at that time. All these changes, Pearson would argue, underline the added value which can be given to a conglomerate by a strong head office which devotes considerable power down the line to powerful entrepreneurial executives.

Seen from one angle, many of Blakenham's changes appear designed to mesh the best of the old Pearson—it's focus on long term growth, on quality companies, and on integrity in the conduct of business—with the requirements made by a more competitive business era for a fairer short-term profits performance.

His reform programme has had so many changes still in the pipeline that it is too soon to say whether or not he has got the balance right, or done so sufficiently fast.

But if he has not, then the predators will be back.

Thyssen informs

Sound Basis

In fiscal 1985/86 Thyssen again performed successfully. All four divisions and also the holdings operated at a profit. At DM 370 million, the net income reached a gratifying level. The equity ratio increased; financial indebtedness was further reduced.

Significant rise in profits
at Thyssen Industrie

The streamlining of this Thyssen subsidiary and the positive economic trends, above all in the automotive industry, generated many orders in 1986. Product development reaches out into the future. Focal points are flexible manufacturing and assembly systems, high-speed trains such as the Intercity Express and magnetic levitation technology, special-purpose ships, elevators, escalators and industrial conveying systems, environmental technology, and industrial components for machine building and the automotive industry. Business at Thyssen Industrie remains good in 1987.

Good contribution
by Budd to the result

Budd's sales in 1986 were as high as in the preceding year. The good business situation has persisted. New research centers are being set up for product development. The manufac-

ture of automobile body components from SMC plastics is being expanded. A new plant with three highly modern stamping lines is under construction for the manufacture of steel automotive body parts. Budd's order situation remains stable.

Thyssen Handelsunion
on expansion course

Our trading and services division performed well in 1986 although falls in prices and in the exchange rate of the US-dollar led to a considerable decline in sales. Thyssen Handelsunion has attractive market shares in its traditional main line of business, trading with bulk goods. It is also well-established in project business, and is on the way to expanding its transportation services sector. Here, the aim is to become an international logistics and distribution company.

Thyssen Edelstahl:
Continuing in the black

The sales achieved by our specialty steel division in 1986 were almost at the previous year's level. The foreign subsidiaries of this Thyssen division were able to expand their market positions. The trend towards high-quality steels is continuing. Of growing importance is

the sale of tool steels and of stainless, acid- and heat-resistant steels. Here, capacity utilization is good. The expansion of the sales organization abroad is continuing.

Thyssen Stahl:
Under intensified pressure to adjust

The stumps in prices recorded on the steel markets since mid-1986, above all a result of subsidizing and dumping by foreign competitors, has intensified the pressure to adjust the production of wire rod, sections and plate. Further cuts in capacity are unavoidable in order to survive also in the future with those products that continue to be profitable.

Outlook

In the current fiscal year, three of four Thyssen divisions are operating at a profit and will also achieve good results for the fiscal year as a whole. We also expect good result contributions from our holdings. The ability of Thyssen AG to pay a dividend is ensured; the sources of earnings outside steel are being further expanded.

Resolutions of the stockholders' meeting

On March 27, 1987, the stockholders of Thyssen AG adopted the resolution to appropriate the net earnings of the past year for the payment of a dividend of DM 5 per nominal DM 50 share. Our domestic taxable stockholders will therefore receive a gross dividend of DM 7.81 per share, including tax credit.

Thyssen worldwide 1985/86 (October 1, 1985—September 30, 1986)

External sales DM 32.0 billion

Work force (annual average) 127,000

Total sales of the Thyssen Group	DM 40.0 MIL.
Capital goods and manufactured products	DM 9.5 MIL.
Trading and services	DM 16.2 MIL.
Specialty steel	DM 9.7 MIL.
Steel	DM 10.6 MIL.

Balance sheet figures	
Balance sheet total	DM 17.5 MIL.
Equity	DM 3.4 MIL.
Capital expenditure	DM 1,471 MIL.
Depreciation and amortization	DM 1,950 MIL.
Net income	DM 370 MIL.
Absolute dividend amount	DM 150 MIL.



THYSSEN AKTIENGESELLSCHAFT

CAN ONE COMPANY DIRECTOR BENEFIT FROM THE EXPERIENCES OF 144 OTHERS?

A new publication, *Developing Directors: The Learning Processes*, suggests you can.

This report from the International Management Centre from Birmingham is based on personal interviews with 144 Directors in 40 companies. It shows that most of them learnt their skills on the job and that most of this development was relatively accidental, informal and badly organised.

Developing Directors challenges many of the traditional theories about successful management training. It aims to help both companies and individuals to understand why structured development is essential if directors are to achieve their full potential.

Developing Directors is one of a series of publications about the development of human resources, from the Manpower Services Commission. Copies of this book and/or MSC Priced Publications Catalogue can be obtained by completing the coupon below and sending it to: MSC PP2, FREEPOST, PO Box 161, Bradford BD9 4BR.

Please send me _____ copies of <i>Developing Directors: The Learning Processes</i> .
I enclose a cheque/postal order payable to Manpower Services Commission (include £10 per copy).
Please send me _____ copies of MSC Priced Publications Catalogue, free of charge.
NAME _____
ADDRESS _____
POSTCODE _____ FT3
To: MSC PP2, FREEPOST, PO Box 161, Bradford BD9 4BR
Please allow 28 days for delivery.
MSC Publications



Developing Directors. For success in Business.

THE ARTS

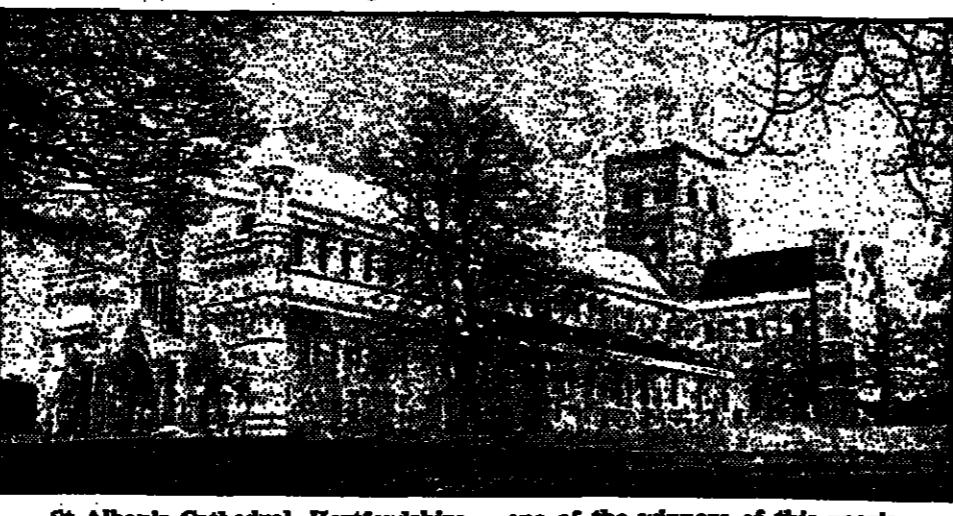
Britten parables

Paul Driver

Britten's three "parables" for church performances (written in the mid-sixties) to skilful libretti by William Plomer) collectively afford a musico-theatrical experience of amazing novelty and intensity, but they probably need to be taken one at a time. To follow the first and much the most austere, *Curlew River* with the third, *The Prodigal Son*, after only a 30 minute break, as the Camden Festival did at the chilly All Hallows' Church NW3 on Tuesday and will do again on Friday and Thursday, makes for a rather stringent long evening. Part of the ritualistic point of the drama is necessarily lost this way: for the processing in and out of the "monks" who perform, as it cannot stem to coincide with a normal church service, as intended by the authors, if it is immediately repeated—the special effect of audience involvement is imperfectly recreated. Nevertheless, I would strongly recommend a visit to the remaining performances.

In fact, the monks do not recess at the end of this *Curlew River*; their music fades while the staves continue, and perhaps we are meant to wait a moment for the next parable and consider the two stagings as meaningfully complementary. It is only one way of several liberties with the text taken by the young and bold French production team (produced Philippe Fontaine, costume designer Anne Grand-Clement), whose vigorous and surprising interest in written (and a song poem) much favours Britten, where these versions were first shown last year) is entirely a tribute to the capacity of his parables to withstand it. There is no disabling departure from the spirit of the works, but no reverential adherence to it either; and the upshot is that the parables survive as vivid, autonomous theatre.

Curlew River brings on the performers wearing surgical or external white to an extremely attractive, comic effect, set which has a rotating platform to serve as the ferryboat and a moving backdrop (wound up and down by a girl in black—the only female presence) to illustrate journeys and psychological states. Two scantly clad muscular young men now operate the platform and now wield tall wooden laths in a generally Japanese style of ritualistic action, but do nothing. The action is immediately sick, the simple story of the Madwoman's grieving and discovery of the death of her 12-year-old son (miraculously transfigured at the end) is



St Albans Cathedral, Hertfordshire—one of the winners of this year's Heritage Education Awards

Architecture/Colin Amery

The young and their heritage

Last Tuesday afternoon saw one of those quiet and in some ways rather unexpected events that say a great deal about the state of the nation than many a more trumpeted affair. There was a ceremony, one of those affairs the English do well, in which a monk, Peter Crook, Abbot of St Albans, entered from the back of the church at the start with a fully Mephistophelean beard and bitterness and a wide-open shirt. The *Prodigal* (Robert Greenhill) is first seen in a kind of white corset and vest, engaged in calisthenics. The *Parasites* by whom the *Prodigal* is three times besieged are, though, more like a bunch of Madwoman's grievers and diehards, much favours Britten, where these versions were first shown last year) is entirely a tribute to the capacity of his parables to withstand it. There is no disabling departure from the spirit of the works, but no reverential adherence to it either; and the upshot is that the parables survive as vivid, autonomous theatre.

Curlew River brings on the performers wearing surgical or external white to an extremely attractive, comic effect, set which has a rotating platform to serve as the ferryboat and a moving backdrop (wound up and down by a girl in black—the only female presence) to illustrate journeys and psychological states. Two scantly clad muscular young men now operate the platform and now wield tall wooden laths in a generally Japanese style of ritualistic action, but do nothing. The action is immediately sick, the simple story of the Madwoman's grieving and discovery of the death of her 12-year-old son (miraculously transfigured at the end) is

once worked the canal system. The cathedral of St Albans itself won an award as a tribute to its work for young visitors. There is an education centre and, after two years of Manpower Services Commission involvement, a full-time education officer. Only recently have dedicated planters, and a large amount of Elgar to round things off. It was all in aid of the national presentation of the wards of the Heritage Education Trust—an annual event held this year at St Albans' Cathedral.

The Heritage Education Trust was set up to promote the educational use of historic properties and sites by schools, colleges and other groups with serious educational interests. It is the body that administers the awards (the full title is the Sandford Awards for Heritage Education). These awards are sponsored by British Leisure Publications who produce the indispensable annual guide *Historic Houses and Castles* open to the public (£3.25) which should lie on the rear window ledge of every car in the kingdom. In a very intelligent act of sponsorship this publishing company sees the point of helping the educational aims of the Trust. The *Prodigal* is first seen in a kind of white corset and vest, engaged in calisthenics. The *Parasites* by whom the *Prodigal* is three times besieged are, though, more like a bunch of Madwoman's grievers and diehards, much favours Britten, where these versions were first shown last year) is entirely a tribute to the capacity of his parables to withstand it. There is no disabling departure from the spirit of the works, but no reverential adherence to it either; and the upshot is that the parables survive as vivid, autonomous theatre.

Curlew River brings on the performers wearing surgical or external white to an extremely attractive, comic effect, set which has a rotating platform to serve as the ferryboat and a moving backdrop (wound up and down by a girl in black—the only female presence) to illustrate journeys and psychological states. Two scantly clad muscular young men now operate the platform and now wield tall wooden laths in a generally Japanese style of ritualistic action, but do nothing. The action is immediately sick, the simple story of the Madwoman's grieving and discovery of the death of her 12-year-old son (miraculously transfigured at the end) is

once worked the canal system. The cathedral of St Albans itself won an award as a tribute to its work for young visitors. There is an education centre and, after two years of Manpower Services Commission involvement, a full-time education officer. Only recently have dedicated planters, and a large amount of Elgar to round things off. It was all in aid of the national presentation of the wards of the Heritage Education Trust—an annual event held this year at St Albans' Cathedral.

The Heritage Education Trust was set up to promote the educational use of historic properties and sites by schools, colleges and other groups with serious educational interests. It is the body that administers the awards (the full title is the Sandford Awards for Heritage Education). These awards are sponsored by British Leisure Publications who produce the indispensable annual guide *Historic Houses and Castles* open to the public (£3.25) which should lie on the rear window ledge of every car in the kingdom. In a very intelligent act of sponsorship this publishing company sees the point of helping the educational aims of the Trust. The *Prodigal* is first seen in a kind of white corset and vest, engaged in calisthenics. The *Parasites* by whom the *Prodigal* is three times besieged are, though, more like a bunch of Madwoman's grievers and diehards, much favours Britten, where these versions were first shown last year) is entirely a tribute to the capacity of his parables to withstand it. There is no disabling departure from the spirit of the works, but no reverential adherence to it either; and the upshot is that the parables survive as vivid, autonomous theatre.

Curlew River brings on the performers wearing surgical or external white to an extremely attractive, comic effect, set which has a rotating platform to serve as the ferryboat and a moving backdrop (wound up and down by a girl in black—the only female presence) to illustrate journeys and psychological states. Two scantly clad muscular young men now operate the platform and now wield tall wooden laths in a generally Japanese style of ritualistic action, but do nothing. The action is immediately sick, the simple story of the Madwoman's grieving and discovery of the death of her 12-year-old son (miraculously transfigured at the end) is

ENO plans for 1987-88

Seven new productions are planned for the 1987-88 season, and much-requested work also includes a return to London of the English National Opera. The event most likely to attract publicity comes next May, towards its end — the British opera debut of Ken Russell, who produces *Tannhäuser* with a cast including Graeme Macrae, Simon Bruce, Kathryn Harrison, and Sally Burgess. But another notable departure from company tradition brings the first British production (by Keith Warner) of Stephen Sondheim's *Pacific Oceans*, which opens in September.

English Miller returns to the Coliseum to stage a new *Barber of Seville* (November); Humperdinck's *Hänsel und Gretel*, missing from the London repertoire for too long, returns for Christmas in a David Pountney production conducted by Mark Elder; and Nicholas Hytner undertakes a new *Magic Flute* (March).

Billy Budd (February), produced by Tim Albery, marks the Coliseum conducting debut of David Aldrich, who has a cast led by Thomas Allen, Philip Langridge, Richard Van Allen, and Neil Howlett. A popular

Pears concert/Friends House, NW1

Max Loppert

so that is the inevitable, aftermath of a great performer who himself directly inspired so much of the music he sang.

The Serenade, it appears, was originally written to contain one more song than it did in the work's final form. That seventh number, a setting of Tennyson's "Now Sleeps the Crimson Petal," was discarded, and presented here much later in the paper of the late Eric Stein, whose daughter, Marion Thorpe, has released it for performance. On Friday, the song had its premiere in a completed scoring by Coko Methews.

It is a beautiful song, given out with a gentle compound triple rocking rhythm, the horn part counterpointing the voice in a simply lyrical fashion unexplored in the rest of the piece; at once bland and bitter.

cycle. But it is quite clear why Britten chose to remove it: the work as it stands is a complete, compelling, and subtle whole without it.

The Holloway work was a first performance of the *Incubus*, Op. 56, for small orchestra, written in Peary's manner and almost exactly for the Nocturne ensemble of strings and a variety of obbligato instruments. It is one of Holloway's unassuming chamber pieces — salon music, one might almost call it — in which quietly euphonious lyrical moods are essayed (each of which sung by a different wind instrument). Its individual tribute to the absent "petal" is a short, sunburst-like, at once resolution and disruption, adds to the curious (and to my ears, uncomfortable) flavour of the piece: at once bland and bitter.

happens one of the shortest symphonies of the repertory, the whole of the music barely as long as the average symphony's first movement. The Stravinskian "symphonies" have been a more accurate description of the work with a characteristically modest (or perhaps ironic) disavowal.

"In composing this piece I did not intend to write a symphony, but realised towards the end of the writing that it had taken on the traditional gestures associated with symphonic thought." Traditional gestures maybe, but there is nothing in Bedford's first symphony of traditional symphonic直覺和傳統— and still less of traditional symphonic elaboration. The original commission was for a 15-minute work, and it remained: per-

haps one of the shortest symphonies of the repertory, the whole of the music barely as long as the average symphony's first movement. The Stravinskian "symphonies" have been a more accurate description of the work with a characteristically modest (or perhaps ironic) disavowal.

"In composing this piece I did not intend to write a symphony, but realised towards the end of the writing that it had taken on the traditional gestures associated with symphonic thought." Traditional gestures maybe, but there is nothing in Bedford's first symphony of traditional symphonic直覺和傳統— and still less of traditional symphonic elaboration. The original commission was for a 15-minute work, and it remained: per-

Arts Guide

Music

ITALY

Rome, Auditorium in Via Della Conciliazione: *Mis and Mrs*, George Prentiss conduction, Mahler and Strauss (54.10.44).

Rome, Teatro Gluck (Via Della Conciliazione): *Platyn Angelus Novitatis*, Bach (Tue), (837 2204).

Rome, Teatro Olimpico (Piazza del Popolo): *La Gioconda*, Verdi, (Mon-Fri).

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

April 3-9

The Stranglers & Simply Red

Antony Thornicroft

The Stranglers—the very name conjures up those dear distant days when you could hit records just by swearing at them, inventing words and exciting an audience by spitting from the stage. But then the whole band is doctor'd punk, the measured response to the complacency of the pop world which was so refreshingly challenged in the mid-1970s. No one could be frightened by the Stranglers these days.

I doubt whether Simply Red will be around in 10 years time, although there is a good chance that lead singer Mick Hucknall will. He completely dominates this currently hot band and is already developing the vocal mannerisms that have made cults of Van Morrison and Joe Cocker.

In comparison with their superb albums Simply Red come over as one-dimensional on stage, Hucknall lacking much charisma. But eventually the music which veers towards Californian cool but with a pungent rhythmic decisiveness, won over the drinkers at the bar of the National, Kilburn. When Simply Red returned in concert, Kristian Zinnerman piano, Ali-Ali-Mohamed programme (Tue), Leonard Black conducting, Alister Patterson (Thu), Lincoln Center (574 2424).

CHICAGO

Chicago Symphony Orchestra Hall: Leonard Slatkin conducting, Nadja Salerno-Sonnenberg viola, Jean-Pierre Lévesque, violin, Queen Elizabeth Hall (Wed).

Academy of Ancient Music, conducted by Ivan Fischer; with Jill Gomez, soprano; Charles Brett, countertenor.

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Thu).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Fri).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Sat).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Sun).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Mon).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Tue).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Wed).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Thu).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Fri).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Sat).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Sun).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Mon).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Tue).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Wed).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Thu).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Fri).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Sat).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Sun).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Mon).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Tue).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Wed).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Thu).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Fri).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Sat).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Sun).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Mon).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Tue).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Wed).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Thu).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Fri).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Sat).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Sun).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Mon).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Tue).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Wed).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Thu).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Fri).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Sat).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Sun).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Mon).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Tue).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Wed).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Thu).

London Mozart Players, conducted by Mark Elder with Ernst Kovacic, piano; Michael Vassilakis, violin, Solti Hall (Fri).</

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finentimo, London PS4. Telex: 8854871
Telephone: 01-2488000

Monday April 6 1987

The power of pork barrel

THE LATE Senator Everett Dirksen once said of a piece of legislation: "a billion here, a billion there, and pretty soon you are talking about real money." Last week the US Congress and, in particular, the Republican Party on Capitol Hill demonstrated much more interest in the real money in a \$37.5bn (£26.2bn) highway bill than in making President Reagan look good or strong again. What was Britain's bill but which the US term pork barrel politics triumphed over appeals for patriotism and fiscal responsibility, just as it had two months earlier when Congress had similarly overridden a presidential veto of a \$15bn water bill.

With the benefit of hindsight, Mr Reagan's new political advisers might have wished they had chosen a different issue on which to try to prove that the President had recovered from the ravages of IranGate and the got-to-know-how much the balance of power in Washington had shifted over the last six months. Not so long ago, presidential arm twisting was the Administration's trump card; last Thursday, Mr Reagan invested much of his prestige in travelling across town to the Capitol, but still failed to persuade a single Republican senator to switch sides. Some of those who remained unconverted had once been his staunchest unquestioning supporters.

Oil crisis

Viewed exclusively in the light of \$200bn a year budget deficits, the Highways Bill itself probably is profligate. But it should not be forgotten that the Administration itself had proposed a bill which, spread over five years, would have spent only \$2bn a year less than what has now passed into law. Moreover, the benefits of the legislation, mostly to employ men, were to be distributed reasonably evenly across the country and there is less egregious pandering to special interests than is sometimes Congress's wont.

Critically, it also provides for raising the speed limit on interstate roads to 65 mph. There is hardly a congressman in the land, and none in the Reagan heartland of the West, who would dare vote in favour of retaining the 55 mph limit imposed in the first oil crisis.

In sum, the bill itself was never bad enough for the arguments of fiscal irresponsibility to take hold. More important

Finger pointing

The Democratic Party, however, is also split over how best to respond to the patent failability of the Administration. One school is led by Congressman Jim Wright, by Congressmen speakers of the House, seeking a opportunity after six years in the wilderness to put democratic policies into action.

More conventional, cautious Democrats feel their chances next year will be increased if the let the President stew in his own juice, embarrassing him wherever tactfully possible, and letting him carry the can for administrative ineffectiveness. Then do not want to be blamed for causing yet further swelling of the deficit.

But if both the Administration and Congress end up reduced to pointing fingers at each other, the world, as well as the US, will finish as losers. It is much easier to vote to spend money on roads—and lots of other congressional spending initiatives are in the pipeline—than to perform root and branch surgery on defence and welfare.

The big tests have yet to be

French but still socialist

THE FRENCH Socialist congress, which has just been held in Lille, was not one of those dramatic party conferences at which a key policy issue has to be settled, or a new direction taken. In other countries, the time might have been propitious a year after losing office—for some sort of radical re-think of doctrine and public image. But in the public eye, the French looked about as far from the French constitution as the Socialists have a chance to regain power in the presidential election which is now only a year away.

So this was the other sort of party conference: where everyone rallies to the flag in a demonstration of unity and confidence. Such a conference should, of course, be an apotheosis for the party leader.

Here the French Socialists suffer from a slight awkwardness. To all intents and purposes, their leader is still President Francois Mitterrand. But he, for good tactical reasons, is keeping everyone guessing whether he will run for re-election. The majority of the party would like him to do so, but a minority sees next year as the last chance for its champion, Mr Michel Rocard.

Tactical alliance

In the event, this issue was firmed with some skill. Mr Pierre Mauroy—the former Prime Minister and, as mayor of Lille, host to the congress—said he hoped Mr Mitterrand would run but effectively promised the party's support to Mr Rocard. The result is indecision. That fell well short of spuds, but was better than nothing.

The congress was, above all, an occasion for the party to remind itself, and the electorate, what it is and for what it stands. What it is—or wishes to be seen as—is, emphatically, still a socialist party and a party of the left, in fact the party of the left. That may sound self-evident but is not entirely so in the light of the very considerable changes the party underwent during its terms of office from 1981 to 1986. "We learned, therefore we changed," as Mr Laurent Fabius, Prime Minister

for the last two of those years, put it in his speech.

In office, the Socialists, perhaps, became much more realistic in their approach to the economy, much more sceptical about the role of the state. Their tactical alliance with the Communists broke up and, in the last year, the relatively smooth "co-habitation" between a Socialist president and a Socialist prime minister has suggested to some that the old conflict of right and left in France has at last been resolved. There has been speculation about a possible new centre-left alignment. Mr Jacques Delors, the Socialist president of the European Commission, recently spoke of an ideological armistice but at Lille that remark was repeatedly denounced, to loud applause. The Chirac Government's record and the right-wing alternative offered by Mr Raymond Barre, were repeatedly and bitterly denounced. It was recalled that, even if the Communist Party itself was no longer a threat, its disillusioned supporters still had to give reasons to vote Socialist.

Yet none of this should be taken as meaning that the party has swung wildly back to the left. Certainly, it has not gone back to the old equation of socialism with state control. Even while denouncing the privatisations policy of the present Government, it has carefully avoided any pledge to reverse it. Of course, it claims—not altogether convincingly—that it could do better than the present Government on employment and social security, but it shows no sign of repeating the mistake of 1981 and making a dash for growth without regard to the behaviour of France's trading partners.

The party's present "leftism" is largely a question of mood and of style, combined with pride in having abolished the death penalty and a determination to be nicer to France's immigrant population. Compared with the Labour Party here, or the SPD in Germany, it is still a model of responsibility and common sense.

THE WASHINGTON ECONOMIC TALKS

Wait, hope, co-operate maybe

By Philip Stephens, Economics Correspondent

In Paris two months ago the talk was of "Plaza 2", another stride along the path of enhanced international economic co-operation which began in September 1985 at New York's Plaza Hotel.

After their success in driving down the dollar to more realistic levels, the leading industrial countries agreed to promote a period of time for the world economy to adjust. Central bank intervention to calm the foreign exchange markets would be buttressed by macro-economic policies to promote more balanced world growth.

Finance ministers were bursting with good intentions about their respective roles in shifting the economy into a higher gear and, above all, in tackling the huge US trade deficit and the parallel surpluses in Japan and West Germany.

With co-operation back in vogue, economic policymakers envisaged this week's meetings at the International Monetary Fund and the World Bank as a rather dull affair.

The job in Washington would simply be to reaffirm the currency deal and perhaps edge another inch or so towards a more formalised system of economic policy co-ordination ahead of June's economic summit in Venice. The heavily indebted nations, meanwhile, would be reassured that the so-called Baker plan was still up and running.

They must be wondering what went wrong.

Despite the calm which has returned to the markets in the last few days, the exchange rate accord has been shaken by the failure of massive central bank intervention to prevent a 4.5 per cent appreciation of the yen's value against the dollar.

The threat of a three-cornered trade war between Japan on one side and the US and Europe on the other has turned the smiles of Paris into frowns. In parallel, the sluggish pace of growth in the world economy has disappointed even natural pe-

rists, suggesting that finance ministers and central banks have set agreed bonds or target ranges, for each of the major currencies.

Those ranges appear, however, less precise than some of the players would like the foreign exchange markets to think. Thus Mr Nakasone suggested a week ago that the yen was rising above its "natural" level.

The only thing that prevented him from saying the same thing publicly was the fear that such open disarray might lead to the complete break-up of the accord, with the markets then perhaps deciding to turn their attention to European currencies.

Other European central banks

have indicated that any commitment they have given to assist Mr Lawson in his new effort in the last few days to improve the atmosphere. The rhetoric on trade has been downplayed. With American interest rates beginning to rise in response to the dollar's weakness, Mr James Baker, the US Treasury Secretary, has shifted back to a more positive stance on the need to stabilise the markets.

That suggests he will agree that Wednesday's meeting of the Group of Seven industrial nations should reaffirm the intent of the Paris accord.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with different upper and lower trigger points for different central banks.

One possibility is that the range agreed in Paris are overlapping with

MAGGIE THATCHER is pretty full of herself after her visit to the Soviet Union, and no wonder. Everyone agrees that it was a tremendous success, and no one argues more tremendously than Maggie herself. Well, almost everyone: after the predictable mauling he had just received at the hands of President Reagan and the entire US Administration, one could hardly expect Neil Kinnock to be quite as enthusiastic as the Prime Minister herself over her five-star treatment in Moscow. Even so, his sombre looks overwade, graceless and stupid.

On the other hand, it is a bit thick for Mrs Thatcher to adopt a pose of affronted dignity when he, in effect, accuses her of using the trip for pre-electoral barnstorming. After the event, it is plain that her meetings with Mr Gorbachev were very successful in personal terms: it is even possible that their discussions, unprecedented in terms of intensity and duration, in a typical East-West meeting may turn out to have been politically very significant.

But despite the success of her first encounter with him in London at the end of 1984, she could not have known in advance that they would on this occasion spark even more intense interest. She had to have been interested in case they did not, and everyone knew that the insurance was built into a programme tailor-made for pre-electoral barnstorming.

Candles in the monastery at Zagorsk, lunch with the Sakharovs, breakfast with the Begums, an unscripted debate on Soviet television, handshakes all round and an unlimited supply of photo opportunities—OK, we can tell me, is that high diplomacy and sober statesmanship, or is it mainly playing to the gallery back home, the continuation (as Clausewitz might have put it) of domestic politics by other means?

Well, of course, it is a bit of both. In the age of mass communications, diplomacy is not just discreet negotiation, it is also a public relations exercise. In the age of Mikhail Gorbachev and glasnost, it would be culpable neglect for Mrs Thatcher not to have seized every opportunity of getting across a favourable image of British views and western arguments.

Still, the fact that she is now adopting such a proconsular posture, and speaking in such portentous tones, suggests that she has been surprised as well as impressed by the remarkable success of her negotiations with the Soviet General Secretary. The way she and her ministers are carrying on, you would think that something really earthshaking had happened in Moscow. She told parliament that her visit was "very significant" at what could be a turning point in history. But if you seek a

Foreign Affairs

The gap between headline and text

By Ian Davidson

further explanation of this significance, all you discover is that the Government believes it has now acquired a unique insight into Kremlin thinking.

There seems to be a gap between the headline and the text:

"The prevailing dialectic of present-day development consists in a combination of competition and confrontation between the two systems, and a growing tendency towards the interdependence of the countries of the world community. This is precisely the way, through the struggle of opposites, through arduous efforts groping in the dark to some extent as it were, that the controversial but independent and in many ways internal world is taking shape."

A similar distinction seems discernible in the Soviet reviews of the visit. Manifestly, the Kremlin went out of its way to ensure that the visit was a success, even to the point of facilitating her electioneering; manifestly, in personal terms it was even more successful than any planning had allowed for; in public relations terms it was a sensation. And yet Soviet commentators have been unimpeachable in judgment: "if in doubt whether this had been, after all, an important event."

Uncertainty of this kind may be a characteristic of the Gorbachev era (as we may yet learn to call it). Ever since he came to power, he has faced us with a dramatic and incessant flood of striking speeches, policy innovations, personnel realignments, and international initiatives. There is no question but that change is in the air, and that the Soviet Union is less predictable than at any time for the past 20 or even 30 years. But western experts still remain divided on what they think Gorbachev represents and where he is going: whether he is really a reformer or just a younger and more dynamic administrator of the existing system.

It seems to me quite possible that Mikhail Gorbachev himself still does not really know for sure where he is going, or at least that he does not see very far down the road ahead. There is a celebrated passage



"You would think something earth-shaking had happened"

in his speech to last year's 27th Party Congress in Moscow which disarmingly concedes as much:

"The prevailing dialectic of present-day development consists in a combination of competition and confrontation between the two systems, and a growing tendency towards the interdependence of the countries of the world community. This is precisely the way, through the struggle of opposites, through arduous efforts groping in the dark to some extent as it were, that the controversial but independent and in many ways internal world is taking shape."

Cynical Sovietologists warn us not to expect much of the Gorbachev reform programme: the system will not permit it, and he has no experience of any other. They may be right: given the weight of history, it looks like the safest prediction. Yet it seems wilful to deny all the manifest indications of movement; much says that great changes may well be in gestation.

Ostensibly nothing happened at the Reykjavik summit; yet it gave off vibrations worthy of an international earthquake, and the rumblings can still be felt, most acutely in Europe. Similarly, nothing happened during Mrs Thatcher's visit to Moscow, apart from a church of silence, a few exchanges of words, and a handshake. But the world may discover that Mrs Thatcher is right: it may prove to have been "very significant" at what could be a turning point of history.

But what exactly did it signify? Needless to say, I do not know and perhaps nobody does. But since I raised the question, perhaps I might to hazard a guess at the answer.

In the first place, why did Gorbachev plan such a lavish

and glittering programme for her visit? That after all is a preliminary indication of its significance in his eyes. If you exclude the personal charisma that had worked in 1984, I suggest there may have been four policy factors.

First and least glittering, the Soviet leader may have an inflated view of Britain's significance in the world scene. We may have had to prove the idea that Britain is not the successful middling European power, which is outclassed in economic terms by West Germany, France, Japan and now Italy. But perhaps the Russians are unduly impressed by our anachronistic status as a permanent member of the United Nations Security Council, or the plan for a bloodless Argentine re-occupation of the islands.

Second, and more seriously,

he may see Mrs Thatcher's advocacy of the opposite point of view as a serious obstacle.

But the clue to the two central factors came in a little para-

graph in Gorbachev's banquet speech last Monday. "At this critical moment for Europe," he said, "it is the nuclear powers

of Britain, France and the USA"—

that we are addressing in the first place."

The only real threats to Soviet security come from the ideological fixations and the military strength of the US;

and from the structural in-

stability of the East European empire. But the West Euro-

pean constellation, currently in flux, could turn out to be a critical factor.

If Gorbachev seriously hopes to make history, despite the setback in Reykjavik, on a programme which would amount to a mutual renunciation of nuclear deterrence between the superpowers, he needs advance indications of how the European members of Nato would react.

He may believe that some

countries, like West Germany,

would succumb to a neutralist tendency. But he must have noticed that the most spec-

tacular effect of the Reykjavik

earthquake was to persuade the

United States to take the unprecedented step of a nuclear co-operation or

non-specific terms with Britain.

He must now have a shrewd

idea that, with Mrs Thatcher in Downing Street, a successful

Soviet manoeuvre to split

Europe from America might do

more to federate Western

Europe in political terms than

the European Community's

almost nuclear-free world.

If Mr Gorbachev is genuinely

persuaded of the possibility of

nuclear disarmament on that

scale, unlikely as it may seem,

Britain and Argentina

A plea from the heart

By Maximo Gainza

ONE SUNNY morning in January, five years ago, I rode with an old soldier friend on an old soldier friend on the windy expanses of his estancia, on the northern edge of Patagonia, not far from the sea.

Suddenly, two Mirage fighters popped out from behind a hill, flying straight at us. They screamed low overhead, low enough to startle the horses and were gone.

Together we cultivated our own language—Spanish—to the annoyance of our teacher. Through them I learned to admire the strengths of the Island Race: their free spirit, their manners, their sense of humour. We also understood their weaknesses and foibles. They were snobbish, as we "Latinos" could be: bullies, as we also were—though we lacked their style. Only the British, we recalled, could have their victims feel they thoroughly deserved what they got.

Five years on, I still wonder how two like-minded nations could have so monumentally misunderstood one another.

All this, however, is water under the bridge. Yet is saddens me to see Britain unable to match the courage of those who died for her in the South Atlantic when it comes to the Falklands.

Mrs Thatcher, we are told, is resolute. She will stand by the Falklands' right to self-determination. She will not hand them over to a country which has yet to prove its democratic credentials. Talk of self-determination to the people of Diego Garcia, we say. Talk of democracy to the people of Hong Kong.

The British Government says that it has done all in its power to defend the Argentines. It has rescheduled Argentine loans with British banks, lifted trade embargoes, eased visa restrictions, and so on. None of these "gestures" appear disinterested to the Argentines.

As one with deep and tested sympathies for both sides, I see the British Government still playing to the gallery—as, indeed, are the Argentines. I see no political will in Mrs Thatcher for settling this sorry dispute and very little of it left in President Alfonso.

Pride and righteousness is all our two countries seem to have left in common. Neither of us is negotiable.

The author is the London correspondent of *Le Pionnier*, one of Argentina's leading newspapers.

Letters to the Editor

Rates for the jobs

From Mr D. Redfearn

Sir,—With all due respect to Tony Christopher (March 31), there is no right way to tax houses. To do so is only to discourage house building at a time when more and cheaper houses are needed, and to stand in the way of owners who wish to improve their properties. In two ways, therefore, it promotes unemployment, besides causing needless inconvenience.

If only Tony Christopher had listened to You and Yours (Radio 4) on Thursday March 26, his letter might have been different. This programme, entitled Rates for the jobs,

House price differentials

From Mr J. Muellbauer

Sir,—Your summary of our research (March 30): "Widening regional house price differentials are the main (sic) cause of pay pressure" needs amendment. You also attribute to us the following: "Since 1984, the widening of house price differentials alone would have been responsible for increasing real wages by about 4 per cent." In fact, our research paper makes clear that the 4 per cent is not a prediction for the period 1984-1985. If real wages increase by 15 per cent over this period, only one-third can be attributed to widening regional house price differentials.

John Muellbauer,
Nuffield College,
Oxford.

Perceptions of the future

From Mr P. Wood

Sir,—The views of Mr Gerald Corbett of Dixons, quoted in your report on business school graduates of the class of 1978, are intriguing, principally because it is clear that his perceptions of Britain's long-term future and the needs of the disadvantaged incline him to support Mr David Owen's "socially and intellectually" but in the short term he will vote Conservative out of what looks like life-interest.

This pragmatism was once described by a distinguished American writer as a prescription for moral chaos.

If Mr Corbett will not back his intellectual and moral convictions—in other words if they aren't real convictions—they're from what basis other than self-interest and opportunism is he speaking? It seems an odd stance for an admirer of Mrs Thatcher to adopt.

Peter Wood,
Newbold Farm,
Dunstibourne Abbotts,
Cirencester, Glos.

Opposite views on religion

From Mr E. G. Macfarlane

Sir,—When I saw your front page headline (March 31) "Gorbachev and Thatcher stand firm in talks" I murmured to myself: "Not too firm, I hope" —because, really, what happens in either country or in world affairs is there is incompossible political positions and firmly adhered to by both sides!

There is sound statesmanlike backing for a relaxation of tensions from Edmund Burke whose fame as a statesman is legendary and who was by no means a Marxist or national isolationist when he said: "A state without some means of change is without the means of its conservation."

Anyhow, I think that here is an area of religious policy where分歧 is old ideas by both leaders should be relaxed and a concerted attempt should be made to introduce a policy of moral neutrality in both states with a view to a possible democratic merger or other institution of a common state later. I am making this latter suggestion because even Edmund Burke could hardly substantiate a theory that a multi-sovereign state could ever be other than an international anarchy such as has been the case for many decades and still persists in the case of our world in general at the moment.

I refer to the fact that there has been a state-supported bias against religious activities in the USSR ever since the single-party state was established in 1917. Now Russian communists have been strongly condemned by Christians of various types as well as atheists and other irreligious sects in Britain for this trouble-inducing practice.

So, let us be fair and admit that a similar but opposite fault has been present in the form of a pro-religious and anti-atheist bias in Britain. For example, the 1944 Education Act was a

company with an accounting date of March 31 would have had only a nine-month gap. The absolute maximum would be April 7 to January 1 or 204/5 months and April 7 is not a very usual accounting date.

A company which made up its pre-1985 accounts to June 30 has an 18-month gap, September 30 had 15 months and December 31 a 12-month gap. The first loses nine months over the period

The right not to strike

From Dr M. Green

Six.—In its Green Paper "Trade Unions and their members" the Government proposes that a member of a union continues to work after a majority of the group in dispute have voted in a secret ballot to withdraw labour shall be legally protected from any disciplinary action by the union. The principle of this proposal strikes at the heart of democracy and glorifies anarchy. Does it not imply that, if I, as a member of the electorate, refuse to consent to some law enacted by a democratically elected Government on the ground that I do not agree with it, then I shall be free to do so without any fear of legal restraint or punishment?

Freedom to dissent is an essential freedom but freedom to flout the decisions of an organisation to which you belong, be it nation, church, professional association, trade union or even tennis club, most certainly not.

In an enlightened society the punishment need not be harsh. For example, it is now generally accepted that conscientious objectors to war should not be imprisoned but that they should be required to undertake non-combatant duties and just watch others fight. By analogy, it might be considered appropriate that a union member who objects to withdrawal of labour even after a majority decision should be permitted to work but be required to make over his earnings during the period of withdrawal to the strike fund of the union thus rendering non-combatant help to those "injured" by the dispute. Those who are motivated by a genuine objection to strike action not merely by a desire not to lose money would find this requirement acceptable.

(Dr) Maurice R. Green,
Past President, Association of Management and Professional Staffs,
1 Dorseton,
79-81 Woodstock Road,
Wallington, Surrey.

from January 1 1989 to April 1 1991, the second loses six months up to July 1991 and the third, three months up to October 1 1991. The reality, which is that at some stage two lots of tax have to be paid during the course of one accounting period, is bad enough without indulging in fantasy.

Tony Batcheler,
4 Friars Road,
Buntingford, Surrey.

FUEL AND MAINTENANCE COST CONTROL

There are fuel cards and fuel cards.

But for ideal control of fleet running costs, Dialcard is miles ahead.

Each month Dialcard automatically provides you with a comprehensive series of reports that monitor every individual vehicle in your fleet.

The reports detail mileage, costs

permile and fuel consumption—and compare fuel performance with the Dialcard average for vehicles of each particular type.

The Dialcard system is designed to identify inaccuracies, thereby protecting the accuracy of the records.

It provides a convenient means of tracking mileage and gives you a source of data drawn from your own vehicle operations on which to base future fleet strategy.

The Dialcard system has another special feature. As well as fuel, it can cover

a range of other garage services—

maintenance, repairs and replacement tyres, batteries, exhausts and windscreen.

Welcome to over 12,000 filling stations, garages and specialist outlets, no matter how many vehicles you operate, Dialcard gives you the tightest grip on costs, right down to the last tenth of a litre.

Dialcard

Monday April 6 1987

Roderick Oram
on Wall Street

Hunter turns teacher

MR RUDOLPH GIULIANI, scourge of insider traders, finds it distressing that many Wall Street lawbreakers are so young. Understated and armed with his clout as US Attorney for Southern New York, he pursued 400 high school students last Friday.

Taking half a morning off his hunt for white-collar criminals and Mafia bosses, he tried to catch their imaginations with a passionate message about ethics and individual responsibilities to society.

At first, the buster of Boecky, Levine, Siegel and younger felon gave a disquieting impression as he sat pale and impassive waiting to speak. Even if he was half asleep, which looked likely given the early hour, his deepest, dark eyes still gave an air of acquiescence to his scan of the audience.

In front of him sat future business leaders who were already preparing for their careers with high school courses in finance and summer jobs on Wall Street. Their programme is run by the Academy of Finance, sponsored by financial service companies and founded five years ago by Mr. Seaford Well, then president of American Express.

A few confessions from Mr. Well warmed up the students and Mr. Well admitted his homespun cheques had bounced, so ignorant was he of the banking system. But starting as a Wall Street clerk in the 1950s he went on to lead the reshaping of the financial services industry in the 1960s. "Don't expect to be an overnight success," he counselled. "Don't expect to jump the whole flight of steps at once."

Mr. Giuliani picked up on the dangers of vaulting ambition. Why had so many people succumbed to insider trading in the first few years of their careers, fresh out of the most prestigious business and law schools? What failure in their values had laid them open to seduction by money, power and magazine covers? Touting them as the greatest minds on Wall Street?"

"If we can't educate people in our best institutions ... what else is there to do? We're doing something wrong." He believes the US has gone through a period of "values education" in which ethics, because they had been seen as religious values, had been stripped out of teaching.

But ethics, as an expression of society's values, can be taught in schools just as other complex subjects such as history and mathematics are - and the younger the students the better. Yet, formal education has limited power. The most formative influences on young people are their families, communities and religious groups. Until these elements of society regain their effectiveness, the problems will persist.

The ethics of the market place reflect the ethics of society," he said. "A significant number of people do not voluntarily respect the rule of law and have put themselves above the rights and interests of other people."

His direct and no-nonsense approach struck a response in the high schoolers, judging by the questions they asked and the way they mobbed him afterwards. One diffident, lanky teenager said to him: "You know... like, this stuff with the Mafia... I kind'a wanted to say, you know, that's great... what you did to them guys" as he reached out impulsively to shake Mr. Giuliani's hand.

Some New Yorkers say the US Attorney tirelessly pursues criminals just for media coverage which will boost his chances of winning election.

Mr. Giuliani told the students he will follow the same route but has not decided when. In the meantime, "I enjoy what I do very much."

It looked as though he would have shot the breeze with the students all morning if his minder, looking like Kojak's, had not pried him loose. As Mr. Giuliani headed for the exit, a giggling girl confided in her friend that she could never wash her hand again because she had just shaken Mr. Giuliani's.

Moving on for a day of workshops on other star-studded subjects such as investment banking, the students left the auditorium, housed in an insurance company, and crossed the street to Baruch College. That in itself could have enlightened the students about how people and times change.

Mr. Bernard Baruch headed the War Industries Board during the First World War and was a leading sage of President Franklin Roosevelt's New Deal. But earlier, he had made his fortune in some notorious market coups.

Tipped off, for example, by a New York Times reporter that a naval victory had ended the Spanish-American War, he bought heavily before Washington announced peace. Later, he declared proudly to Congress: "I am a speculator."

FINANCE MINISTERS EXPECTED TO ENDORSE PARIS ACCORD ON DOLLAR'S VALUE

Growth targets may strain G5

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

FINANCE ministers of leading industrial nations are expected this week to endorse their Paris accord on currency stabilization to prevent a slide in the value of the dollar and to seek a further period of stability for foreign exchange markets.

Their meetings at the International Monetary Fund (IMF) and World Bank in Washington are, however, likely to be marred by strains between key governments over how to promote faster growth in the world economy.

Japan and West Germany, which agreed at the Paris meeting in February to seek to stimulate their economies in return for the US commitment to stabilise the dollar, will face pressure from the US for additional expansionary measures.

The recent trade disputes between Japan and both the US and Europe will put the Tokyo Government under particular pressure. It has so far failed to push through the fiscal and tax reform measures which it promised in February because of opposition in the Japanese Parliament.

The US Administration believes that the latest forecasts from the IMF, showing world economic growth at only a little more than 2 per cent this year, underline the need for a much stronger performance outside the US.

In meetings of senior officials ahead of this week's talks, the US has been pressing its case for a more formalised system of IMF indicators of economic performance

to provide the framework of international co-operation.

The indicators, which have been under discussion for the past year, cover such economic variables as output, inflation, trade and current account balances, and interest and exchange rates.

The idea is backed by Mr Edouard Balladur, the French Finance Minister, who believes that considerable progress has been made in defining how indicators could be used to ensure more consistent economic policies in the major economies.

Both West Germany and Britain, however, appear hostile to a more formalised system. The Bonn Government insists that it has fulfilled its obligations under the Paris

agreement by increasing the size of the tax cuts planned for next January.

Ministers of the Group of Seven - the US, Japan, West Germany, France, Britain, Italy and Canada - will meet on Wednesday ahead of the formal meeting of the IMF's Interim Committee the following day.

The Group of Five, which excludes Italy and Canada, is also scheduled to meet, but because of the diplomatic sensitivities of the Italian Government, its members are attempting to present their talks as low-key and informal.

The international debt problem will be high on the agenda following Brazil's decision in February to impose a moratorium on the bulk of its debt interest payments.

Italy to extend privatisation with sale of stake in BCI

BY ALAN FRIEDMAN IN MILAN

A PLAN to privatise Banca Commerciale Italiana (BCI), the Milan-based banking group which is Italy's second-largest, has been proposed by the bank to IRI, the state holding group which is its majority shareholder with 57 per cent control.

The plan would represent an unprecedented privatisation in Italy's predominantly state-controlled banking system because it would be the first time the Government would give up majority control of one of the country's biggest banks.

The BCI plan envisages the sale of up to 17 per cent of the bank's equity, which would raise around L555m (\$427m) at current market prices.

The bank has already been partly privatised in recent years, having had 43 per cent of its shares offered to investors in Italy and by means of a placing in London.

shareholding in BCI dropping to 40 per cent, IRI would still retain control "for a limited number of years" by giving golden shares.

For the BCI privatisation plan to advance it would require the approval of both IRI and the Government.

Mr Braggiotti, speaking in Milan at the weekend, also disclosed that Assicurazioni Generali, Italy's biggest insurance group, had joined the BCI-Paribas partnership as a founder-shareholder of the new BCI-Paribas merchant bank which is being launched with L150m of initial capital.

"We expect soon to have another foreign partner in the merchant bank, which will operate at the European level in all areas from mergers and acquisitions to trading activities," said Mr Braggiotti, described as "a suggestion" to IRI. Mr Braggiotti said he could see IRI's new foreign bank partner.

shareholding in BCI dropping to 40 per cent, IRI would still retain control "for a limited number of years" by giving golden shares.

For the BCI privatisation plan to advance it would require the approval of both IRI and the Government.

Mr Braggiotti, speaking in Milan at the weekend, also disclosed that Assicurazioni Generali, Italy's biggest insurance group, had joined the BCI-Paribas partnership as a founder-shareholder of the new BCI-Paribas merchant bank which is being launched with L150m of initial capital.

"We expect soon to have another foreign partner in the merchant bank, which will operate at the European level in all areas from mergers and acquisitions to trading activities," said Mr Braggiotti, described as "a suggestion" to IRI. Mr Braggiotti said he could see IRI's new foreign bank partner.

Bouygues-led consortium beats Hachette to win control of TF-1

BY PAUL SETTIS IN PARIS

BOUYGUES, the big French construction group, has won control of France's leading national television network TF-1, beating the Hachette publishing group which had long been regarded as the favourite in the battle for the television channel.

Bouygues and its partners including among them Mr Robert Maxwell, a leading figure in the US media industry, major French banks and several French publishing groups will pay FF 3bn (\$500m) for 50 per cent control of the state network to be privatised this month.

The Government will sell 40 per cent of the remaining shares to the public, and 10 per cent will be offered to employees of the network.

The victory of Mr Francis Bouygues, the self-made French construction magnate who will become chairman of TF-1, came as a surprise. For the past months, Hachette, the country's leading publishing group, was regarded as the frontrunner to take over control of TF-1 as well as the favourite of Mr

Jacques Chirac, the conservative Prime Minister.

Mr Jean-Luc Lagardere, the chairman of Hachette and also head of the state-controlled Matra electronic and defence conglomerate, said yesterday he was disappointed but would not appeal the decision. However, he questioned the choice of the commission suggesting that French publishing and broadcasting interests appeared to have again been put to one side by allowing a major international media group such as Mr Maxwell's to gain a significant foothold in the French market.

The commission had shown some concern over the possible anti-trust implications of granting the channel to Hachette which, apart from being the country's biggest publishing group, also controls the Europe-1 radio station. But Mr Lagardere argued that the Maxwell group was in fact much larger than Hachette which needed to build up its critical size in the media business to compete internationally.

Both groups argued their cases before the commission at public hearings last Friday in which Bouygues appeared to have had the upper hand. The 13 so-called sages of the CNCL voted on Saturday in favour of Mr Bouygues, whose group is understood to have won 8 votes with four going to the rival Ha-

Combustion boost to car makers

Continued from Page 1

that had grown up between them had made it appear possible that AE would be cut off from further involvement with the project.

AE Developments, acknowledged as one of the world leaders in combustion technology, was engaged by Sonex to develop the system to meet the EEC standards and had no marketing agreement from which it could benefit, assuming the system were adopted by vehicle makers.

The patents are held by Sonex.

Sonex, much smaller than AE and of limited financial resources,

had become concerned about the length of development time and its access to progress reports.

An AE spokesman said, however, that while Sonex's impatience was understandable, the test-and-conclusion process had to be rigorous.

At the end of March Sonex, in a letter to shareholders, said it was holding talks with a number of parties on further development contracts. These included European rivals to AE although this was not stated in the letter.

AE officials last week refused to

discuss the issue. But a meeting of senior AE executives is understood also to have taken place at the end of last month, at which the project was reviewed and the ground work laid for the agreement just signed.

Both sides insist now that relations are good.

Under the new agreement, signed in the past few days, AE has been given responsibility for marketing the technology to vehicle-makers as well as completing the development programme. A framework for the future conduct of the relationship is also defined.

Some diplomats, however, said that the intense preparation for the Gorbachev trip, including the visit to Prague by several top Kremlin officials in the last two months, made it unlikely that differences between Moscow and Prague lay behind the delay.

The last-minute postponement clearly took Czechoslovak officials by surprise. Thousands of Prague citizens had been mobilised to welcome the Soviet leader this morning.

Mr Kinnoch responded by saying: "No miracles are promised at all. Our policies may not have the gloss of novelty, but they certainly have the thrust of practicality."

Continued from Page 1

insisted that Mr Gorbachev should speak in a hall in Prague to a selected audience while the Soviet leader had wanted to speak at an outdoor rally.

Some diplomats, however, said that the intense preparation for the Gorbachev trip, including the visit to Prague by several top Kremlin officials in the last two months, made it unlikely that differences between Moscow and Prague lay behind the delay.

The last-minute postponement clearly took Czechoslovak officials by surprise. Thousands of Prague citizens had been mobilised to welcome the Soviet leader this morning.

Mr Kinnoch responded by saying: "No miracles are promised at all. Our policies may not have the gloss of novelty, but they certainly have the thrust of practicality."

Continued from Page 1

insisted that Mr Gorbachev should speak in a hall in Prague to a selected audience while the Soviet leader had wanted to speak at an outdoor rally.

Some diplomats, however, said that the intense preparation for the Gorbachev trip, including the visit to Prague by several top Kremlin officials in the last two months, made it unlikely that differences between Moscow and Prague lay behind the delay.

The last-minute postponement clearly took Czechoslovak officials by surprise. Thousands of Prague citizens had been mobilised to welcome the Soviet leader this morning.

Mr Kinnoch responded by saying:

"No miracles are promised at all. Our policies may not have the gloss of novelty, but they certainly have the thrust of practicality."

Continued from Page 1

insisted that Mr Gorbachev should speak in a hall in Prague to a selected audience while the Soviet leader had wanted to speak at an outdoor rally.

Some diplomats, however, said that the intense preparation for the Gorbachev trip, including the visit to Prague by several top Kremlin officials in the last two months, made it unlikely that differences between Moscow and Prague lay behind the delay.

The last-minute postponement clearly took Czechoslovak officials by surprise. Thousands of Prague citizens had been mobilised to welcome the Soviet leader this morning.

Mr Kinnoch responded by saying:

"No miracles are promised at all. Our policies may not have the gloss of novelty, but they certainly have the thrust of practicality."

Continued from Page 1

insisted that Mr Gorbachev should speak in a hall in Prague to a selected audience while the Soviet leader had wanted to speak at an outdoor rally.

Some diplomats, however, said that the intense preparation for the Gorbachev trip, including the visit to Prague by several top Kremlin officials in the last two months, made it unlikely that differences between Moscow and Prague lay behind the delay.

The last-minute postponement clearly took Czechoslovak officials by surprise. Thousands of Prague citizens had been mobilised to welcome the Soviet leader this morning.

Mr Kinnoch responded by saying:

"No miracles are promised at all. Our policies may not have the gloss of novelty, but they certainly have the thrust of practicality."

Continued from Page 1

insisted that Mr Gorbachev should speak in a hall in Prague to a selected audience while the Soviet leader had wanted to speak at an outdoor rally.

Some diplomats, however, said that the intense preparation for the Gorbachev trip, including the visit to Prague by several top Kremlin officials in the last two months, made it unlikely that differences between Moscow and Prague lay behind the delay.

The last-minute postponement clearly took Czechoslovak officials by surprise. Thousands of Prague citizens had been mobilised to welcome the Soviet leader this morning.

Mr Kinnoch responded by saying:

"No miracles are promised at all. Our policies may not have the gloss of novelty, but they certainly have the thrust of practicality."

Continued from Page 1

insisted that Mr Gorbachev should speak in a hall in Prague to a selected audience while the Soviet leader had wanted to speak at an outdoor rally.

Some diplomats, however, said that the intense preparation for the Gorbachev trip, including the visit to Prague by several top Kremlin officials in the last two months, made it unlikely that differences between Moscow and Prague lay behind the delay.

The last-minute postponement clearly took Czechoslovak officials by surprise. Thousands of Prague citizens had been mobilised to welcome the Soviet leader this morning.

Mr Kinnoch responded by saying:

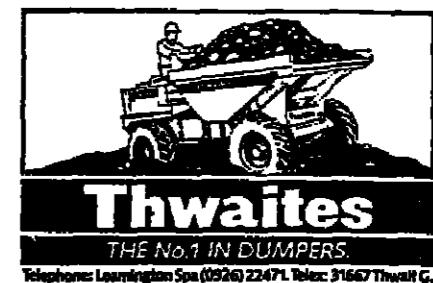
"No miracles are promised at all. Our policies may not have the gloss of novelty, but they certainly have the thrust of practicality."



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday April 6 1987



Eurobond investors lose interest in dollar issues

STRAIGHT, fixed-rate Eurodollar bonds were conspicuous by their complete absence from the new issues market last week, underlining their fall from favour with Eurobond investors, writes Clare Pearson in London.

True, an environment of renewed currency turbulence, an increase in US prime rates and mounting trade friction between the US and Japan made it hardly the best week for launching dollar deals while issues were few in all sectors of the market.

Yet the omission is still remarkable, given the fact that fixed-rate dollar issues have traditionally been the staple diet of the Eurobond market while swap opportunities – hard to find recently – were becoming more plentiful last week.

It seems that new issue managers are finally taking to heart the lack of investor interest in this sector, arising partly from the long-term decline in the dollar and partly from the sheer oversupply of issues during the last few years.

Figures for new issue volume in the first quarter, published last week, showed Eurodollar bonds well down from their 1986 level. So

for this year, they have accounted for 36 per cent of the market compared with 62 per cent at the end of last year.

Much of the dollar total may be accounted for by equity linked insurance, which has proved a key focus of new issue managers' attention this year. And underwriters were still finding opportunities for profitable equity linked deals last week, despite a shaky performance by several of the world's biggest stock markets.

The surge in prices on the Tokyo stock market since the beginning of this year has made equity linked deals for Japanese borrowers especially attractive to underwriters. This was one of the factors that has helped propel the Japanese securities house up the 'hook-runners' league table. Nomura International emerged clearly in first position last week and traded at levels below its issue price.

Last week, four convertibles for Japanese banks opened at substantial premiums to issue price, benefiting from the comparative rarity of their names in the market and enthusiasm about their profit potential.

An issue for Toyo Trust met the most enthusiastic response, trading at more than eight points above its issue price. Dealers said it was especially attractive because trust banks were the only banks allowed to manage money in Japan and therefore stood to gain directly from the country's high savings rate.

New issue activity in both the Euroyen and D-Mark markets – which have seen much of the action this year, as the Eurodollar's share has fallen – was subdued last week as uncertainty dominated the secondary markets.

The few borrowers who tapped the D-Mark sector generally met with a cool reception. An issue for Ireland (not a favourite borrower in this sector) traded comfortably within five while a private placement for Oesterreichische Kontrollbank was bid as high as 3½ points below its issue price.

However, dealers had mixed feelings about a deal for East Asiatic, the Danish trading company, which they saw as tightly priced for a little known issuer.

The secondary market was held back by interest rate worries, triggered by the rise in US prime rates, and by an absence of Japanese buying, which has propelled prices of

towards exports, give the impact on corporate profits of the prolonged strengthening of the yen.

A string of larger equity linked issues is expected over the next few weeks.

New issue activity in both the Euroyen and D-Mark markets – which have seen much of the action this year, as the Eurodollar's share has fallen – was subdued last week as uncertainty dominated the secondary markets.

The few borrowers who tapped the D-Mark sector generally met with a cool reception. An issue for Ireland (not a favourite borrower in this sector) traded comfortably within five while a private placement for Oesterreichische Kontrollbank was bid as high as 3½ points below its issue price.

However, dealers had mixed feelings about a deal for East Asiatic, the Danish trading company, which they saw as tightly priced for a little known issuer.

The secondary market was held back by interest rate worries, triggered by the rise in US prime rates, and by an absence of Japanese buying, which has propelled prices of

government bonds forward over the last few weeks.

However, dealers remain optimistic that international investors will continue to be drawn to the West German market in the near term, given the relatively high real interest rates that it provides.

Despite the price gains achieved in the West German government bond market a few weeks ago, real yields (nominal yield minus inflation rates) are still well ahead of those available in other markets.

For 10-year bonds, they stand at around 5½ per cent currently, which compares with 5½ per cent on comparable bonds in the US Treasury market and about 5½ per cent on comparable German government bonds.

Meanwhile, recent data suggests continuing sluggishness in the West German economy, and forecasters have been downgrading their estimates for real growth this year to between 1 and 1½ per cent compared with the 3 per cent widely expected last autumn.

The announcement by the West German Government last week that it had downgraded the importance of its money supply target, combined with its relaxed attitude to

government bonds forward over the last few weeks.

• The World Bank announced last week that it would be redeeming outstanding bond issues on a selective basis. This is in line with its policy of taking advantage of interest rate declines in world capital markets over the last year.

The first redemption will be in the Swiss franc foreign bond market. There will be a SF 90m 6%

per cent issue and a SF 100m 7% per cent bond. Both are due in 1991.

EUROBOND MARKET TURNOVER				
	Turnover (Bn)			
Primary Market	Stamps	Cow	FRN	Other
US\$	2,000.1	682.0	4,421.3	4,221.3
Prev	1,978.2	652.3	4,420.0	4,221.3
Other	4,057.5	634.4	138.8	514.8
Secondary Market				257.5
US\$	17,891.2	2,050.7	20,791.2	4,762.7
Prev	18,268.1	2,052.3	20,862.3	4,762.7
Other	24,574.3	1,974.2	24,588.3	45,325.4
Prev	24,678.2	1,974.1	24,588.3	45,325.4
Total	Code	Exchanges		
US\$	12,891.7	20,697.4		\$1,546.1
Prev	12,868.1	20,692.3		\$1,546.1
Other	17,894.2	22,480.2		\$1,546.1
Prev	18,268.2	22,380.8		\$1,546.1
Week to April 2 1987				Source: ABRC

KOREAN STOCK EXCHANGE

Recovery follows record fall in Seoul market

By MAGGIE FORD IN SEOUL

CONFIDENCE by South Korean investors in the Seoul stock market showed a recovery at the weekend after a record fall on Friday. The fall followed a warning by the Finance Ministry that measures would be introduced to curb the exchange.

The apparent underlying strength of the market is likely to be bolstered by the announcement over the weekend of government plans to restructure the ailing construction and shipping industries.

Shares in companies in these two sectors had risen last week, contributing to the market's record rise last Tuesday, when the composite stock index broke the 400 barrier for the first time. The market closed at 367 on Saturday after Friday's fall to 333.

The fall is believed to have affected trading in the Korea Exchange on the London grey market, reducing the premium from almost 124 per cent to a little less than 100 per cent at the end of the week.

The record rise in the index early last week followed comments from the Finance Ministry to the effect that it did not believe that the market had reached a dangerous point where action was necessary.

Portugal came to the market last week with a deal marking the first terms at which it has ever borrowed in the international markets. The first borrowing in the name of the republic for over a year, the deal divided among Italian banks.

In addition, after their heavy sovereign lending in 1986, many banks are said to be close to their exposure limits to Eastern Europe.

Nevertheless, the syndicate includes some well-known names, including Lloyds, BCI Bank of Tokyo, Kreditbank and Security Pacific, although there are more exotic participants in the form of a number of Spanish savings banks.

First Chicago's final take was its

third largest deal carries a spread of 525 basis points over Belgian interbank rates.

The deal met a positive initial response. Portugal's economy is coming into increasing favour with bankers, and its repayment of a number of financing facilities in recent months has reduced the amount of outstanding Portuguese paper with the banks.

Some bankers balked at the terms, and others do not like the way it is expected to go to the Sino port and industrial complex.

Security Pacific launched a \$150m revolving underwriting facility for Puget Sound Bancorp, a bank holding company based in Tacoma, Washington. It is looking for lead managers at \$20m for 10 basis points and fees range down to five basis points for a \$5m commitment.

Both carry an eight-year maturity and a five-year grace period. The \$125m facility carries a margin of 10 basis points for five years and 12.5 basis points for the remainder.

A directive by the country's economic planning board stated last week that 33 business conglomerates would be banned from cross-investing in their subsidiaries and from gaining more than 40 per cent of total net assets of other companies.

The measure will affect most of South Korea's top companies, including Hyundai, Daewoo, Goldstar and Samsung. Large companies, it is believed, might find that funds raised from the sale of holdings in new share purchases. Securities companies would be limited to buying shares up to the value of 40 per cent of their paid up capital, according to the reports. It was not clear why the ministry had apparently changed its view.

Local interest in the South Korean stock market has flourished in the past few months following the increase in liquidity in the economy caused by the country's \$4.2bn cur-

Momentum of BP's \$5bn financing results in oversubscription

THE CONCLUSION last week of the \$5bn financing for British Petroleum seems likely to provide a source of controversy among international bankers for some time, wrote Stephen Miller in London.

The scale of the response was, by any estimate, staggering. Sixty-four banks agreed to commit more than \$15bn to the financing, making it the largest commitment of funds ever made in the Euromarkets. Only three of the invited institutions declined.

Mr James Pochetti, executive director of Morgan Guaranty, which arranged the financing, commented: "The deal started well and just gathered momentum."

That momentum gathered pace last Tuesday and Wednesday as banks, realising that the deal was going well, started to scale up commitments in the knowledge that

their final amount of lending would subsequently be cut.

BP, which is using the funds to finance part of a \$7.4bn tender offer for the 45 per cent of Standard Oil it does not own, will not increase the credit beyond \$3bn.

It seems likely that the scaling back of the commitments may cause some controversy among the banks, particularly since it will not be done on a purely mathematical basis.

Even when the froth is taken out of the deal, it seems clear that it would have been substantially oversubscribed and there will undoubtedly be questions about whether the deal was oversubscribed.

BP could, no doubt, have raised the funds over four years more cheaply. A ¾ point margin and a ¾ point facility fee are regarded as fairly generous pricing, even

though the deal carried no front fee, unusual in this sort of financing.

Given the speed with which the company needed the funds and the size of the deal, BP probably does not feel too unhappy that it errred on the side of caution. It is not after all a long-term financing; the credit will be refinanced over the coming months and years. It is expected to be signed on Tuesday, just 12 days after the offer was launched.

A \$200m term loan for Vneshtorgbank of the Soviet Union also closed oversubscribed last week, according to lead managers First Chicago, though the similarity with the BP deal ends there.

First Chicago is probably entitled to some credit for the completion of the deal which, by consent, was not carried out under the easiest of circumstances.

NEW ISSUE These Debentures have been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States of America or to residents thereof. These Debentures having been sold, this announcement appears as a matter of record only.

MARCH 1987

U.S. \$75,000,000

IU International Corporation (Incorporated in Maryland)



6 ¼% Convertible Subordinated Debentures Due 2002

Credit Suisse First Boston Limited

Banque Bruxelles Lambert S.A.

Banque Paribas Capital Markets Limited

EBC Amro Bank Limited

Orien Royal Bank Limited

S.G. Warburg Securities

Goldman Sachs International Corp.

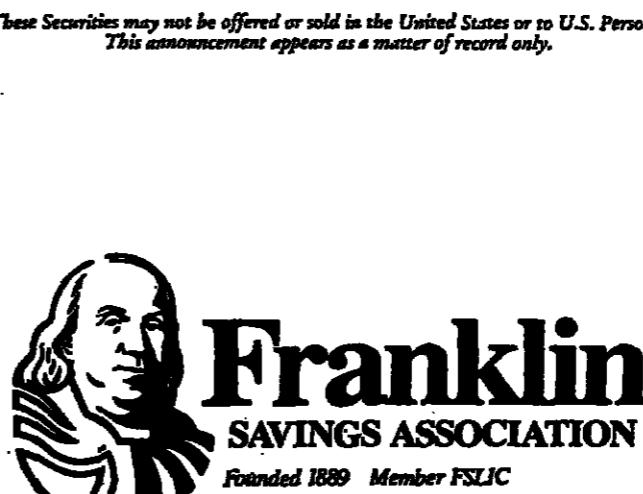
Banque Nationale de Paris

Deutsche Bank Capital Markets Limited

Nomura International Limited

Swiss Bank Corporation International Limited

Yamaichi International (Europe) Limited



Multi-Tranche Tap Note Programme

for the issuance of

Collateralized Fixed Rate Multi-Tranche Tap Notes (MTTNs)

Merrill Lynch Capital Markets

March, 1987

All of these securities having been sold, this advertisement appears as a matter of record only.

CONRAIL



58,750,000 Shares

Consolidated Rail Corporation

Common Stock

(par value \$1.00 per share)

The shares are being sold by the United States Government pursuant to the Conrail Privatization Act. The Company will not receive any proceeds from the sale of the shares.

52,000,000 Shares

This portion of the offering is being offered in the United States and Canada by the undersigned.

Goldman, Sachs & Co.

The First Boston Corporation

Merrill Lynch Capital Markets

Morgan Stanley & Co.

Salomon Brothers Inc

Shearson Lehman Brothers Inc.

Alex. Brown & Sons Incorporated	Dillon, Read & Co. Inc.	Donaldson, Lufkin & Jenrette Securities Corporation	Drexel Burnham Lambert Incorporated	Hambrecht & Quist Incorporated	E. F. Hutton & Company Inc.
Kidder, Peabody & Co. Incorporated	Lazard Frères & Co.	Montgomery Securities	Prudential-Bache Capital Funding	Robertson, Colman & Stephens	L. F. Rothschild, Unterberg, Towbin, Inc.
Smith Barney, Harris Upham & Co. Incorporated	Wertheim Schroder & Co.	Dean Witter Reynolds Inc.	William Blair & Company	J. C. Bradford & Co.	Dain Bosworth Incorporated
McDonald & Company Securities, Inc.	Oppenheimer & Co., Inc.	Piper, Jaffray & Hopwood Incorporated	Prescott, Ball & Turben, Inc.	Thomson McKinnon Securities Inc.	A. G. Edwards & Sons, Inc.
Adwest, Inc.	American Securities Corporation	Arnhold and S. Bleichroeder, Inc.	Robert W. Baird & Co.	Bateman Eichler, Hill Richards	Wheat, First Securities, Inc.
Boettcher & Company, Inc.	Burns Fry and Timmins Inc.	Butcher & Singer Inc.	Cowen & Company	Dominion Securities Corporation	Blunt Ellis & Lewin Incorporated
First of Michigan Corporation	First Southwest Company	Furman Selz Mager Diltz & Birney Incorporated	Grunthal & Co., Incorporated	Eberstadt Fleming Inc.	Eppler, Guerin & Turner, Inc.
Stanley Montgomery Scott, Inc.	Johnson, Lane, Space, Smith & Co., Inc.	Johnston, Lemon & Co.	Howard, Well, Labouisse, Friedriche Incorporated	Interstate Securities Corporation	
Legg Mason Wood Walker Incorporated	Morgan Keegan & Company, Inc.	Moseley Securities Corporation	Josephthal & Co.	Ladenburg, Thalmann & Co. Inc.	Cyrus J. Lawrence Incorporated
Rauscher Pierce Refnes, Inc.	The Robinson-Humphrey Company, Inc.	Rotheschild Inc.	Stephens Inc.	Stifel, Nicolaus & Company Incorporated	Tucker, Anthony & R. L. Day, Inc.
Underwood, Neuhaus & Co.	Wood Gundy Corp.	Adams, Harkness & Hill, Inc.	Anderson & Strudwick Incorporated	Sutro & Co.	Barclay Investments, Inc.
Birr, Wilson Securities, Inc.	Blackstock, McMahon & Landstreet, Inc.	Branch, Cabell and Company	Baker, Watts & Co.	George K. Baum & Company	
Carolina Securities Corporation	Robert C. Carr & Co., Inc.	JW Charles-Bush Securities, Inc.	The Chicago Corporation	Brean Murray, Foster Securities Inc.	Cable, Howe & Ragen
Crowell, Weodon & Co.	Cunningham, Schmertz & Co., Inc.	D. A. Davidson & Co. Incorporated	Duft & Co., Inc.	B. C. Christopher Securities Co.	Craigie Incorporated
Ferris & Company Incorporated	Financial America Securities, Inc.	First Albany Corporation	Dominick & Dominick, of Florida	Ewing Capital, Inc.	Fahnestock & Co. Inc.
Gradison & Company Incorporated	Grigsby, Bradford & Co., Inc.	Hanifen, Imhoff Inc.	First Equity Corporation	First Manhattan Co.	Folger Nolan Fleming Dougles Incorporated
Investment Corporation of Virginia	Jesup & Lamont Securities Co., Inc.	Hayes & Griffith, Inc.	First Manhattan Co.	Gabelli & Company, Inc.	
The Milwaukee Company	Moore & Schley Securities Corporation	Edward D. Jones & Co.	Keane Securities Co., Inc.	Howe, Barnes & Johnson, Inc.	The Illinois Company Incorporated
Richardson Greenshields Securities Inc.	Roney & Co.	Newhard, Cook & Co. Incorporated	Pacific Securities, Inc.	Laidlaw Adams & Peck Inc.	Mabon, Nugent & Co.
Smith, Moore & Co.	Southwest Securities, Inc.	R. C. Stamm and Company Incorporated	Scott & Stringfellow, Inc.	Parker/Hunter Incorporated	Raymond James & Associates, Inc.
Edward A. Viner & Co., Inc.	Wedbush Securities, Inc.	Starr Securities, Inc.	Seidler Amdec Securities Inc.	Sloate, Weissman, Murray & Company, Inc.	
		Sterne, Agee & Leach, Inc.	Swergold, Cheifitz & Sinabaugh, Inc.	Van Kasper & Company	
		Metro Equities Corporation	Montano Securities Corp.	Perry Investments Inc.	Southwestern Capital Markets, Inc.

This special bracket of minority-owned and controlled firms assisted the Co-Lead Managers in the United States Offering pursuant to the Conrail Privatization Act:

AIBC Investment Services Corporation **Daniels & Bell, Inc.** **Dolev Securities, Inc.** **WR Lazard Securities Corporation** **Pryor, Govan, Counts & Co., Inc.** **Muriel Siebert & Co., Inc.**

6,750,000 Shares

This portion of the offering is being offered outside the United States and Canada by the undersigned.

Goldman Sachs International Corp.

First Boston International Limited

Merrill Lynch Capital Markets

Morgan Stanley International

Salomon Brothers International Limited

Shearson Lehman Brothers International

Algemene Bank Nederland N.V.	Banque Bruxelles Lambert S.A.	Banque Nationale de Paris	Cazenove & Co.	The Nikko Securities Co., (Europe) Ltd.
Nomura International Limited	N. M. Rothschild & Sons Limited	J. Henry Schroder Wag & Co. Limited	Société Générale	S. G. Warburg Securities
Arab Banking Corporation (ABC) Capital Markets Group	Banque Paribas Capital Markets Limited	Caisse Nationale de Crédit Agricole	Compagnie de Banque et d'Investissements, CBI	Crédit Lyonnais
Daiwa Europe Limited	IMI Capital Markets (UK) Ltd.	Joh. Berenberg, Gossler & Co.	Morgan Grenfell & Co. Limited	Peterbroeck, van Campenhout & Cie SCS
Swiss Volksbank	Vereins- und Westbank Aktiengesellschaft	Leu Securities Limited	Westdeutsche Landesbank Girozentrale	Yamaichi International (Europe) Limited

April, 1987

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Paul Betts in Paris on the telecom group's restructuring of acquired ITT assets

CGE awaits a Spanish guarantee

COMPAGNIE Générale d'Électricité (CGE), the French nationalised telecommunications and engineering group, is awaiting written confirmation of the Spanish Government's commitment to back financially the restructuring of Standard Electrica (Sesa), the loss-making Spanish telecommunications group under CGE control.

The French group is also completing a restructuring of its US telecommunications businesses, including the former telecommunications assets of ITT, which are expected to return in the black this year after heavy losses, according to Mr Pierre Suard, CGE's chairman.

CGE took control this year of ITT's worldwide telecommunications assets, including the troubled Spanish and US operations, following the landmark deal with the US corporation to set up a new joint telecommunications group called Alcatel NV. This merges CGE's and ITT's telecommunications assets

and is 55 per cent controlled by the French company.

Although the Spanish Government indicated last week that it had verbally agreed to back the restructuring of Sesa, Mr Suard said the French group was insisting on a written commitment from Madrid.

He also reiterated the French group's threat of considering a withdrawal from Spain if it did not receive support from Madrid.

However, CGE appears optimistic of securing a written commitment from the Spanish Government in a few days. Such an agreement would represent a significant boost for CGE as it prepares, for its privatisation, due early next month.

The loss-making Spanish operations of ITT have always been considered one of the three most risky elements for CGE in the telecommunications venture with ITT. The two other aspects which have caused concern include the former ITT assets in the US and the future prospects of System 12, the digital

public telephone switching system developed by the US company.

Mr Suard said that the US problem was now being resolved following a restructuring of CGE's and ITT's American telecommunications assets into two new companies, yet to be named.

The first company will regroup ITT and CGE's telecommunications network systems businesses, including the Celwave cable subsidiary, the Lynch transmission equipment concern, ITT's former transmission operations in North Carolina and its US optical fibre business. However, ITT's former research centre at Shelton in Connecticut has been closed down.

This new network systems company - code-named company A - will be headed by Mr John Galley, the president of Celwave. With annual sales of about \$450m, this company is expected to be profitable this year.

The second new US company - code-named company B - will re-

group the Alcatel and ITT private PABX telephone exchange businesses as well as the ITT Quim and Courier office equipment and data processing subsidiaries and Alcatel's Fribourg subsidiary. These businesses lost last year about \$40m after losing about \$100m the year before.

Mr Suard said this company, to be headed by Mr Tracy Aterton, a former ITT executive, was expected to cut losses significantly, with the concern expected almost to break-even this year.

On the Spanish operations, Mr Suard said CGE was seeking to reduce the workforce of the two former ITT subsidiaries Sesa and Mesa by about 6,000 people out of a total of about 16,000 over the next four years.

Sesa currently employs 14,000 while Mesa, which is threatened with liquidation, employs 1,500 people. However, the precise number of layoffs would depend on the amount of guaranteed Spanish telecommunications orders for Sesa over the next four years.

CGE is seeking written commitments from Madrid to support the labour restructuring programme with financial aid and firm guarantees for a sufficient level of new orders for Sesa to sustain its recovery.

The Spanish operations lost between \$30m and \$80m last year on sales of about \$470m. CGE is also seeking eventual buyers for the smaller Mesa subsidiary. Ericsson, Siemens and AT&T have all shown interest in the company.

Reports from Madrid confirm that the Spanish Government is willing to back the Sesa restructuring programme as well as guarantee orders for the company of between Pt 30-32m over the next four years.

Sesa, in which the Spanish state telecommunications group Telefónica owns a 25 per cent minority stake, as part of the restructuring CGE also plans a capital increase for Sesa over the next four years.

Shearson and Tan Sri Khoo end agreement

By Our Financial Staff

SHEARSON LEHMAN Brothers, the Wall Street investment bank, has ceased to act as financial adviser to Tan Sri Teek Pusti, the overseas Malaysian financier who is seriously at odds with the Government of Brunei.

In a brief statement released in Singapore over the weekend, Shearson said that the firm and Tan Sri Khoo had decided to end an agreement under which Shearson has been providing financial services to Tan Sri Khoo. No reason was given, and neither side would comment on the move.

Shearson began acting for Tan Sri Khoo on December 23 last year after the Brunei Ministry of Finance took control on November 20 of National Bank of Brunei (NBB), in which Khoo controlled a stake of over 70 per cent.

The Brunei authorities closed the bank and arrested a number of its executives.

At the time of the takeover, the Brunei authorities alleged that some \$1.25bn (US\$850m) in loans had been made without proper documentation or security, some 90 per cent of which went to companies connected to Tan Sri Khoo.

Paris sets bank flotation price

By GEORGE GRAHAM IN PARIS

THE FRENCH Government has fixed a price of FFr 130 a share for the privatisation of Banque du Bâtiment et des Travaux Publics, whose offer for sale opens today.

The price values the bank, the smallest fixture yet in the Government's privatisation programme, at FFr 416m (\$60m), slightly above the minimum of FFr 400m set by the official privatisation commission.

The continuing appetite of French investors for shares in privatised companies makes the BHTP flotation a difficult exercise since it risks being swamped by demand.

In an attempt to cope with the

problem, the Government has split the bank's shares into four and is leaving the offer open for one week only, not the customary two.

In order to avoid hostile takeovers, however, the Government is also forming a hard core of institutional investors, including the construction industry which is BHTP's speciality, to buy 51 per cent of the bank's capital ahead of the main offer.

An indicative price of FFr 170 was reached on Friday compared with an offer price of FFr 125 a share.

In desperation, the Government has resorted to new legislation to combat with the possibility that it might not even be able to allot one share to each applicant.

Allied-Signal sells Amphenol unit

By RODERICK ORAM IN NEW YORK

ALLIED-SIGNAL, a leading manufacturer of high quality connectors used, for example, in computers, had operating profits of \$33m last year. Its sales of \$487m were roughly five times those of LPI, which is in the same markets, having bought Scientific-Atlanta's cable business and American Lightware Systems.

LPI, which will finance the purchase by issuing \$375m of debt and \$110m in equity, outdid more than

30 other potential buyers, including Emerson Electric and Litton Industries.

Mr DeGeorge, 70, said he wanted to build something that is number one or number two in the market place which would have taken 20 years."

Allied-Signal had put Amphenol and six other electronics and instrumentation companies with sales of \$1.5bn on the block last December,

This announcement appears as a matter of record only: These Securities have not been registered under the United States Securities Act of 1933 and may not, as part of the distribution, be offered, sold or delivered, directly or indirectly, in the United States or to United States persons.

New Issue / March, 1987

£200,000,000



TMC Mortgage Securities No.1 PLC

Mortgage Backed Floating Rate Notes due 2014

Salomon Brothers International Limited

S.G. Warburg Securities

Barclays de Zoete Wedd Limited

Cater Allen Limited

Chemical Bank International Group

Clive Discount Company Limited

County NatWest Capital Markets Limited

Crédit Agricole

Creditanstalt-Bankverein

Kredietbank International Group

Lloyds Merchant Bank Limited

Sumitomo Trust International Limited

Yasuda Trust Europe Limited

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Av. life years	Coupon %	Price	Book value	Offer yield %
U.S. DOLLARS							
Kelco Inc. Express T.	150	1992	5	2	100	Yankee Euro	2.00
Chrysler Fire & Marine T.	70	1992	5	2	100	Morgan Stanley	2.00
Kennecott-Uncle-P. T.	100	1994	7	(4%--5%)	100	Deutsche Europa	
Merit Trust Corp. T	35	1992	5	(2%)	100	Morgan Stanley	
Outboard Mfg. T	60	1997	10	5	100	Moritz Euro	1.00
Bank of Tokyo T.	100	2002	15	(2%)	100	Bank of Tokyo Int.	
Leisure Industries Inc. T	25	1992	5	(2%)	100	J. H. Schroder Wag	1.25
Lockheed Helicopter Int. T	40	1992	5	(2%)	100	Deutsche Europa	
Yale Specialty Co. T	100	2002	15	(2%)	100	Deutsche Europa	
Holiday Inn Corp. T	100	2002	15	(2%)	100	Yankee Int. (Euro)	
Toyo Trust & Banking T	100	2002	15	(2%)	100	Toyo Trust Int.	
Mapco Corp. T	75	1997	10	4	100	HSBC/Deutsche Diners	4.00
CANADIAN DOLLARS							
McGraw-Hill Corp. T	75	1992	5	5 1/2	101 1/2	Morgan Stanley Class Inv. Sec.	5.00
Ritz Carlton Corp. T	75	1993	5	5 1/2	100 1/2	Morgan Stanley Class Inv. Sec.	5.00
AUSTRALIAN DOLLARS							
Bell Group T	175	1997	10	10	100	Deutsche Paribus	10.00
Med. Middlemeadbank T	50	1990	3	14 1/2	101 1/2	SBIC	12.00
SMAC (Austral) Fin. T	50	1991	4	14 1/2	101	Deutsche Bank	13.00
BNF-Bank Finance T	30	1992	5	14 1/2	101 1/2	BNF-Bank	13.00
Natio Finance T	50	1990	3	14 1/2	101 1/2	Goldman Sachs	14.00
D-MARKS							
Ges. Kaufmühlen T	150	1992	5	5 1/2	100 1/2	Deutsche Grünenthal	5.44
East Asiatic T	150	1992	5	5 1/2	100 1/2	Commerzbank	5.44
Ireland T	300	1997	10	5 1/2	100 1/2	Commerzbank	5.41
SWISS FRANCES							
Swiss Special T	50	1992	-	1 1/4	100	Morgan Stanley	1.25
Trans. Corp. T	70	1992	-	4 1/2	100	SEC	4.75
Bank of Tokyo T	100	1992	-	(1%)	100	SEC	
Habibie Tellerbank T	100	1992	-	(1%)	100	SEC	
Natio Bank Co. T	60	1995	-	4 1/2	100 1/2	HSBC	4.33
FRENCH FRANCES							
Elfex Canada T	500	1992	5	8	101 1/2	Deutsche Paribus	8.50
LUXEMBOURG FRANCES							
Credit Lyonnais T	300	1994	7	7 1/2	100	SEC	7.25
STERLING							
Smith & Nephew Ass. T	90	2002	15	4	100	CSEB	4.00
GIORDIANS							
EBS T	300	1995	8	6 1/2	(100)	Asso Bank	
DANISH KRONER							
EBS T	300	1994	7	11	101	Den Danske Bank	10.75
YEN							
CNT T	200m	1992	5	4 1/2	101 1/2	EDJ Int.	

DIARY DATES

Trade fairs and exhibitions: UK

April 6-10 International Fire and Security Exhibition and Conference (01-446 3211) Olympia

April 6 International Construction Equipment, Public Works and Municipal Services Exhibition and Conference (01-837 2400) NEC, Birmingham

April 8-9 Better Made in Britain: Clothing, Kiltwear and Footwear & Building Components and DIY (01-211 7128) Kensington Exhibition Centre

April 14-16 International Trenchless Construction for Utilities—Construction and Exhibition (01-223 77631) Kensington Exhibition Centre

April 14-16 International Book Fair (01-640 6045) Olympia

April 17-18 Cash and Carry Fashion Fair (01-727 1929) Kensington Town Hall

April 24-26 Atari Computer Show (01-465 8835) Novotel Overseas

April 2-12 International Chemical and Petrochemical Industry Exhibition (01-486 1961) (until April 9) Beijing

April 16-18 International Toy Fair—SPIEL-Vienna (01-677 4851) International Electro-Optics and Laser Exhibition (01-840 3781) Tokyo

April 22-23 International Computer & Office Automation Exhibition—KIECO (01-439 0501) Seoul

April 6 International Business Communications: 6th annual television planning and buying seminar (01-238 4080) Marriott Hotel, W1

April 8-9 FT Conference: Technology in the data processing market—the next five years (01-621 1355) Hotel Inter-Continental, W1

April 9-10 Institute for International Research: Selling personal financial services within the new regulatory framework (01-434 0020) Park Lane Hotel, W1

Frost and Sullivan: Project management for data processing operations (01-780 3488) Sullivan House, SW1

April 9 CII EPTPOS—payment card revamping (01-370 7450) Centre Point, WC1

April 11 Chartered Institute of Management Accountants: Going for growth (0234 272322) Northampton

Anyons wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Business and Management Conferences

April 24 CII: Making and using sales forecasts (01-579 7400) Centre Point, WC1

May 11-12 Practicing Law Institute: Foreign Tax in the United States of America after the Tax Reform Act of 1986 (NY 213) 765-5700 New York Hilton

May 12 Institute of Directors: The Industrial Revenue and the Company Executive (01-539 12281) 116 Pall Mall, SW1

May 13 Longman Seminars: Defauling debtors: how to avoid them and what to do if you fall (01-243 4111) Cavendish Conference Centre, W1

FRIDAY

Commons: Adjournment debate.

Parliament

TODAY

Commons: Opposition debate on the growing social and economic inequalities in Britain. Motions on Social legal aid and advice regulations.

London: Motions on legal aid regulation, Banking Bill, report, Immigration (Carriers' Liability) Bill, second reading.

Select Committee: Public Accounts—subject: service hospitals; proposed defence school of music. Witnesses: Sir Clive Whitmore, MOD (Room 16, 4.45 pm).

TOMORROW

Commons: Debate on foreign affairs. Family Relief Bill, second reading. Ministers' Contracts Bill, second reading. Motion on National Health Service charges. Motion on International Defence Headquarters orders.

London: Abolition of Domestic Rates (Scotland) Bill, committee. Parliamentary and Health Service Commissioners Bill, committee. Petroleum Bill, third reading.

Select Committee: Education, Science and Art subjects: scrutiny report. Witnesses: Sir Ron Kenneth Baker, Education Secretary. (Room 16, 10.45 am).

WEDNESDAY

Commons: Northern Ireland (Emergency Provisions) Bill, second reading. Motion on Northern Ireland security charges. Motions on International Defence Headquarters orders.

London: Debate on creating a sense of unity and purpose among UK citizens. Debates on the Royal Patent Office Bill, second reading. Registered Establishments (Amendment) Bill, third reading. Registered Establishments (Amendment) Bill, second reading. Unstated question on the affair of Simon Bill, remaining stages.

Mr Iain Clegg has been appointed to the board of HENDERSON ADMINISTRATION GROUP.

Mr Stewart Wilson and Mr Jim Hetherington have been appointed to the board of OGDERS AND CO. Mr Wilson was commercial director of Dairy Crest and Mr Hetherington a Finance Minister.

Select Committee: Welsh Affairs—subject: the condition and repair of privately owned housing. Witnesses: Welsh Office minister (Room 16, 10.30 am). Trade and Industry—subject: major components industry. Witnesses: Michael Attwood, Minister of State, DTI (Room 16, 10.45 am). Social Services—subject: problems associated with AIDS. Witnesses: Mr Christopher Patten, Overseas Development Minister; Sir Ron Kenneth Baker, Education Secretary (Room 21, 4.15 pm).

DECON ENGINEERING, Bridgwater, part of the Delta Civil Engineering group and supplier of the first two Channel Tunnel machines in joint venture with James Howden, has appointed Mr Paul Nicholas as development and marketing manager for the company's new range of microtunnelling equipment.

Mr Roy Burton has been appointed managing director of ALLIED IMPEXON PRODUCTS UK Ltd, responsible for its operations, and military services division, in Whitchurch, Kent. He was director and general manager of the industrial & technology division.

The Earl Bathurst has joined the board of FORESTOR at Whitechurch, Herefordshire.

FRIDAY

Commons: Adjournment debate.

Finance

The following is a record of the principal business and financial transactions which took place in the week ending yesterday mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—St Modens Presever, Bromsgrove, Hants

Wednesday, April 7, 1987

Bramall (C. DJ) Brierley Hill, West Midlands

British Alcan, Alton, Hampshire

Brundage Inds, Stevenage, Herts

Emulsion Oil and Gas Products (Glenrothes) Ltd, Fife

Edwards (Glasgow) Ltd, Glasgow

Ensign (Bath) Ltd, Bath

Ernest Gruening, London, EC1

Exxon (UK) Ltd, London, EC1

Farmers Inds, London, EC1

UK COMPANY NEWS

Architect for market with £13m valuation

BY RICHARD TOWKINS

YRM, the building design group whose projects have included all the terminal buildings at Gatwick Airport, is about to become the first architect to join the stock market through a full listing.

James Capel, the stockbroker, is expected to bring the company to the market later this week through a placing which will value it at a little over £13m.

City-based YRM has its origins in the architectural practice Yorks, Rosenberg, Mandell which was formed in 1944. Now in its second generation of partners, it has evolved into a multidisciplinary practice which includes architecture and planning, building services engineering, interior design, and structural and civil engineering.

It operates in the public and private sectors in the UK and overseas, and is best known for its work on offices, airports, hospitals, hotels, schools and industrial buildings.

Apart from Gatwick Airport, its design projects have included the Gatwick Hilton, 22-29 Eastcheap in the City, the new dealing rooms for Credit Suisse First Boston, and St Thomas Hospital opposite the House of Parliament.

It also carries out refurbishments and is currently working on plans to return St Pancras Chambers to its former role as one of London's top hotels.

The prospectus will show pre-tax profits rising from £178,000 in 1982 to £1.1m in the year to April 1986, on turnover up from £3.8m to £8.4m. YRM says the architectural market appears to be growing strongly, with one of the factors being the reduction in the economic life of properties because of the need to continuously build them for specialised equipment.

YRM will not be the first architect to seek a quotation: D.Y. Davies and Whitney Mackay-Lewis both came to the market last year, but these are younger and smaller practices and are quoted on the USM.

YRM says its nearest comparable competitors are Arup Associates and Building Design Partnership, both of them unquoted.

About 25 per cent of YRM's enlarged equity will be floated off, with part of the proceeds going to existing shareholders and part going into the company to finance further expansion.

When that bid failed to obtain the required 90 per cent acceptance level, despite several extensions, Evered launched its two-for-one share offer. L & N had pushed for better terms, but Evered had declared at the outset that the offer was final. Now the directors intend to vote for the offer in respect of their holdings of 6.7 per cent.

Yesterday, Mr Peter Earl, the chairman of Demerger Two, which advises Demerger One, said that it would "take the recommendation pretty seriously and would be willing to vote against it." Demerger still owns around 9 per cent.

If the bid is accepted, L&N will offer its remaining 11.25 per cent stake in the electrical group to shareholders.

The Abdulla family have no interest in retaining the Face holding, but Jock Mackenzie will apply for the entire 11.25 per cent stake.

WILLIAM Bentall Group has announced that it intends to repay the outstanding £18,694 nominal of 8½ per cent convertible unsecured loan stock 1987-92 on April 22 at plus accrued interest to June 30 1987.

MARLING Industries has proposed to acquire the share capital of Byron Textiles, incorporating the trading assets of the Multiple Winding based in Denton, Manchester, for about £1.16m. The acquisition has been satisfied by £201,000 cash with the rest in Marling shares.

NATIONWIDE LEISURE'S proposed acquisition of private nursing and residential homes in the east Midlands has been called off. Inspectors E&E Group, the offer from which has been declared unconditional, has indicated that it will not vote in favour of the deal.

PARAMBE has agreed to purchase a holding of 400,000 Group Development Capital Trust ordinary shares from A.D. Miller. The consideration is 124,000 new Parambe shares credited as fully paid placed by Laurence Prust and Company at 10p. The holding being purchased represents 5.06 per cent of the issued share capital of Group Development and will be held as a long-term investment.

BROWN & TAWKE, industrial products distributor, has acquired for £246,750 cash, the business and stock of Specialised Equipment Suppliers, an air movement equipment distributor.

BOC GROUP: More than 14,000 shareholders—28.5 per

cent—have elected to take the scrip alternative instead of the cash on a final dividend for the year ended September 30 1986. The alternative offered one new share for every 65 already held.

HEWLETT-Packard Williams, glass and aluminium specialists, has been trading at high level in the first quarter of 1987, with profits in excess of budget, according to Mr Ralph Hinchcliffe, chairman, at the annual meeting.

WILLIAM Bentall Group has announced that it intends to repay the outstanding £18,694 nominal of 8½ per cent convertible unsecured loan stock 1987-92 on April 22 at plus accrued interest to June 30 1987.

MARLING Industries has proposed to acquire the share capital of Byron Textiles, incorporating the trading assets of the Multiple Winding based in Denton, Manchester, for about £1.16m. The acquisition has been satisfied by £201,000 cash with the rest in Marling shares.

NATIONWIDE LEISURE'S proposed acquisition of private nursing and residential homes in the east Midlands has been called off. Inspectors E&E Group, the offer from which has been declared unconditional, has indicated that it will not vote in favour of the deal.

PARAMBE has agreed to purchase a holding of 400,000 Group Development Capital Trust ordinary shares from A.D. Miller. The consideration is 124,000 new Parambe shares credited as fully paid placed by Laurence Prust and Company at 10p. The holding being purchased represents 5.06 per cent of the issued share capital of Group Development and will be held as a long-term investment.

BROWN & TAWKE, industrial products distributor, has acquired for £246,750 cash, the business and stock of Specialised Equipment Suppliers, an air movement equipment distributor.

BOC GROUP: More than 14,000 shareholders—28.5 per

L & N accepts offer from Evered

By Philip Coggan

The board of London & Northern, the health care, construction and energy group, has accepted the £9m offer from Evered Holdings, the industrial conglomerate headed by the Abdulla brothers.

It appears that the Mackenzie family, which had run London & Northern, might in future concentrate on Face and Goring Kerr, two electrical components of which Mr Jock Mackenzie is chairman.

London & Northern had previously survived a bid by Demerger Two, a newly-formed company specially established to acquire London & Northern and split it into four component parts.

When that bid failed to obtain the required 90 per cent acceptance level, despite several extensions, Evered launched its two-for-one share offer.

L & N had pushed for better terms, but Evered had declared at the outset that the offer was final. Now the directors intend to vote for the offer in respect of their holdings of 6.7 per cent.

Yesterday, Mr Peter Earl, the chairman of Demerger Two, which advises Demerger One, said that it would "take the recommendation pretty seriously and would be willing to vote against it." Demerger still owns around 9 per cent.

If the bid is accepted, L&N will offer its remaining 11.25 per cent stake in the electrical group to shareholders.

The Abdulla family have no interest in retaining the Face holding, but Jock Mackenzie will apply for the entire 11.25 per cent stake.

F.T. Share Information

The following securities have been added to the Share Information Service: Capital Radio (Section: Leisure) Hewlett-Packard (Buildings), Sinclair Goldsmith (Property).

Leadership of Quantel, part of Britain's UEL, and Amplex, which Allied-Signal of the US is in the process of selling, has not been surpassed, especially at the most sophisticated end of the market.

Unlike its rivals, however, Abekas does not have to rely on ad hoc arrangements to meet of production, latest demands.

Quantel's own production and post-production units, including The Moving Picture Company, Complete Post and Video Time, give Abekas designers direct access to the cutting edge.

"If it didn't have a facilities house, it might be slower to see what the market needs next," says Mr Richard Taveren, analyst with London stockbroker James Capel.

This link also helps Carlton's facilities houses which are engaged in a sector typified by great surges in technological innovation, which often swamp smaller players which cannot afford to re-equip in time.

Carlton's strategy has been to develop a presence at every price level, to insure that no business is lost by default.

Moving Picture Company, for example, would not countenance a request for a discount in its high-quality commercial market.

Quantel's market is concentrated on the more cost-conscious and cut-throat programming sector.

Carlton has also positioned itself well geographically.

"We've got New York for commercials, Los Angeles for programming and London for

Europe, and that covers the market," Mr Green says.

Although Carlton does have its own programming side, its strength is in hiring out the facilities and avoiding the producer's financial exposure of advertising too, its risk is limited since even a leveling-off in advertising revenue might increase the demand for efficiently produced commercials, heavily dependent on special effects.

Like other independent houses, it has benefited from the flexibility of its work-rules

compared with those at the BBC and ITV. Its technical staff are paid just as well, if not better, but contracts recognise that work comes at odd hours and not necessarily in an even pattern.

"We ned to be bigger in the commercials field," Mr Green adds.

Manhattan-based Gordon Enterprises, bought for \$21m in December and in which Carlton is investing \$10m on new studios, is the key.

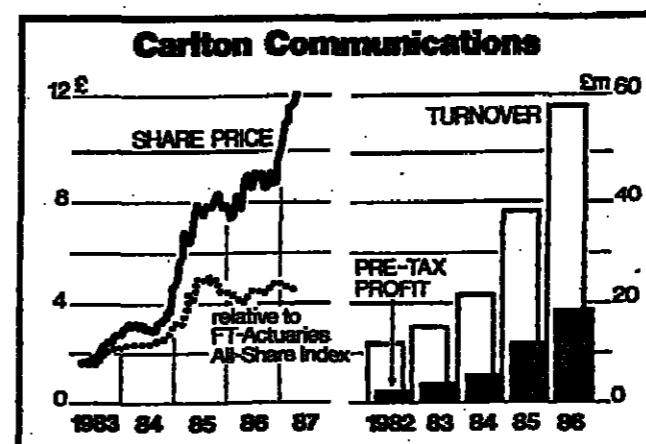
The coming pressure for Britain's broadcasters to buy more of their programming from outside—spending 25 per cent within five years—may also be a mixed blessing for Carlton. The BBC and ITV companies are likely to hire out their under-utilised studios according to competitive pressures.

Carlton's broad spread of activities will give it an advantage, however, in riding out any short-term difficulties.

"You may find dips in demand," Mr Styles says, "but overall, the market will expand."

Clay Harris on the creation of an international TV and film network

Carlton's strength in breadth



Michael Green, the Carlton chairman

8m European homes from small premises in London.

"It's the way a television station should be run," Mr Green says.

Carlton faces a number of challenges. It needs to move up ground against its digital television competitors. It has to produce, for example, equal to Quantel's Painter. Mr Green is known to have been interested in buying Amplex, from which the three founders of Abekas broke away to form their company in 1982.

Terms could not be agreed with Allied-Signal, however, and Carlton had not submitted a bid when the deadline passed last Tuesday. New York analysts expect Amplex to fetch from \$400m to \$500m.

"We ned to be bigger in the commercials field," Mr Green adds.

Manhattan-based Gordon Enterprises, bought for \$21m in December and in which Carlton is investing \$10m on new studios, is the key.

The coming pressure for Britain's broadcasters to buy more of their programming from outside—spending 25 per cent within five years—may also be a mixed blessing for Carlton. The BBC and ITV companies are likely to hire out their under-utilised studios according to competitive pressures.

Carlton's broad spread of activities will give it an advantage, however, in riding out any short-term difficulties.

"You may find dips in demand," Mr Styles says, "but overall, the market will expand."

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any shares.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the share capital of the Company, issued and now being issued, in the United Securities Market. These securities have not been registered under the United States Securities Act of 1933 (as amended) and accordingly may not be offered, sold, resold or transferred directly or indirectly in the United States or to or for the benefit of any national, citizen or resident thereof. It is emphasised that no application has been made for these securities to be admitted to listing.

Dealing in the shares of the Company are expected to commence on 10 April, 1987.

ORCHID TECHNOLOGY

(incorporated with Robert Morris under the Laws of the State of California, USA)

Placing by Phillips & Drew Limited

4,245,000 shares of Common Stock of no par value at 100p per share payable in full on application

Share Capital

shares of Common Stock of no par value Issued and now being issued 25,407,000

The Company designs, manufactures and markets hardware and software products which expand and improve the capability and performance of personal computers, principally those manufactured by IBM and also those manufactured by Compaq, Hewlett-Packard, AT & T and Tandy. At 31 December, 1986 the estimated installed base of such computers was about 13.2 million, of which 9.8 million were in the USA.

In accordance with the Rules and Regulations of The Stock Exchange, Phillips & Drew has placed 3,183,750 shares with its clients and 1,061,250 shares with Stock Brokers & Co. Ltd.

Particulars of the Company are available in the Exetel United Securities Market Service and copies of such documents may be obtained during usual business hours on any weekday (Saturdays and Public Holidays excepted) up to and including 20 April, 1987 from:

Phillips & Drew Limited,

120 Moorgate,

London EC3R 6XP

6 April, 1987

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any shares.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the share capital of the Company, issued and now being issued, in the United Securities Market. These securities have not been registered under the United States Securities Act of 1933 (as amended) and accordingly may not be offered, sold, resold or transferred directly or indirectly in the United States or to or for the benefit of any national, citizen or resident thereof. It is emphasised that no application has been made for these securities to be admitted to listing.

Dealing in the shares of the Company are expected to commence on 10 April, 1987.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any shares.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the share capital of the Company, issued and now being issued, in the United Securities Market. These securities have not been registered under the United States Securities Act of 1933 (as amended) and accordingly may not be offered, sold, resold or transferred directly or indirectly in the United States or to or for the benefit of any national, citizen or resident thereof. It is emphasised that no application has been made for these securities to be admitted to listing.

Dealing in the shares of the Company are expected to commence on 10 April, 1987.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any shares.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the share capital of the Company, issued and now being issued, in the United Securities Market. These securities have not been registered under the United States Securities Act of 1933 (as amended) and accordingly may not be offered, sold, resold or transferred directly or indirectly in the United States or to or for the benefit of any national, citizen or resident thereof. It is emphasised that no application has been made for these securities to be admitted to listing.

Dealing in the shares of the Company are expected to commence on 10 April, 1987.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any shares.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the share capital of the Company, issued and now being issued, in the United Securities Market. These securities have not been registered under the United States Securities Act of 1933 (as amended) and accordingly may not be offered, sold, resold or transferred directly or indirectly in the United States or to or for the benefit of any national, citizen or resident thereof. It is emphasised that no application has been made for these securities to be admitted to listing.

Dealing in the shares of the Company are expected to commence on 10 April, 1987.

FINANCIAL TIMES SURVEY

Malta which goes to the polls in May 9 now has a growing industrial and tourist base. Voters will be asked to choose between a continuation of the interventionist policies pursued over the past 16 years by Labour and the more free market, pro-EEC views of the Nationalists. Richard Evans reports.

Crucial time for decisions

THE STREETS and squares of Malta are alive with political banners and posters as the country prepares for a general election which both major parties know will be crucial in shaping its future.

The Labour Party has been in power for an uninterrupted 16 years and in that time there has been a fundamental change in Malta's international role, traditionally fashioned by its strategic position in the Mediterranean and by its relations with Britain.

Economically, the traumatic change-over from an economy dependent largely on Britain's naval presence to one of independence has been completed. Politically, the country has moved from being under the West's Nato umbrella to a position, deliberately seeking friends and trading partners wherever they may be found.

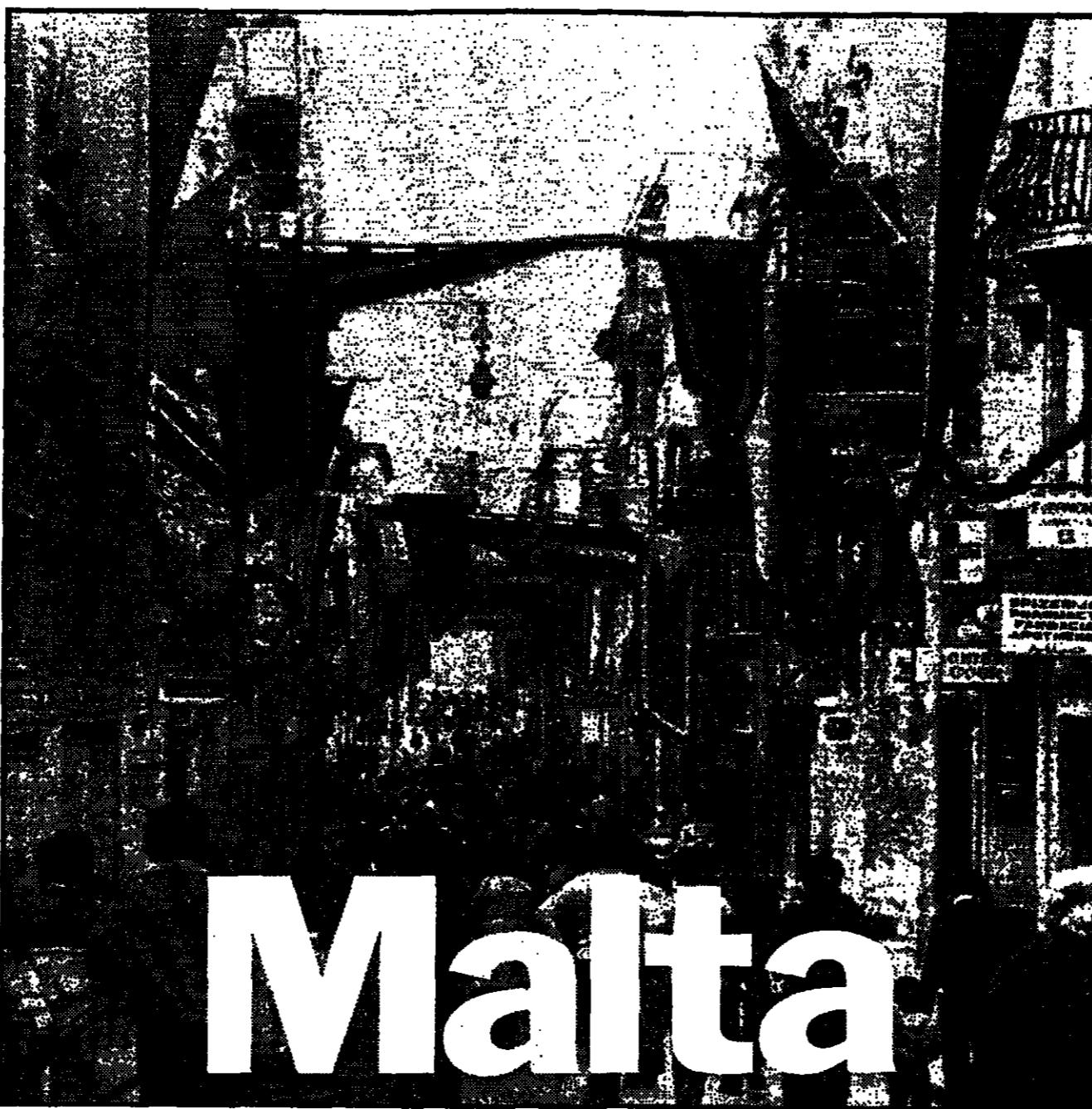
The aim has been to end Malta's centuries old role as an island fortress under the domination in turn of the Phoenicians, Carthaginians, Romans, Arabs, Knights of St John and finally the British. Malta became a republic in 1974, but remains within the British Commonwealth.

The Prime Minister, Dr Carmelo Mifsud Bonnici, wants to continue the broad policies laid down by his charismatic predecessor, Mr Dom Mintoff, but in a more conciliatory style. Under his leadership Malta would remain neutral and non-aligned and domestically the Government, closely linked with the trade unions, would keep a firm grip on the economy.

His opponent in the elections due on May 9, Dr Eddie Fenech Adami, would make more openly pro-Western and would seek full membership of the European Community. He would also liberalise Malta's state-dominated economy by introducing more competition and by increasing the role of the private sector which was on the retreat in the Mintoff era.

The divisions between the two parties are bitter in the hot-house of Maltese politics, and the margin between their voting strength is invariable. At the last election in 1981 there was a fresh result when under the proportional representation system the Nationalists gained 4,000 more votes than the Labour Party but ended up with three fewer seats in Parliament.

There was uproar and charges of gerrymandering of boundaries from the Nationalists, who refused to take their seats in



Feast of St Paul, patron saint of Malta, in Valletta

Parliament and launched a campaign of civil disobedience for about 18 months.

The fear expressed by the Nationalists was that if they should win a larger proportion of the vote set again be defeated a parliamentary majority that could almost certainly be a violent reaction from frustrated supporters.

To meet these fears the Labour Party under Dr Mifsud Bonnici's less abrasive leadership, has sought to ensure that there can be no repetition of the 1981 result. Using a formula originally drafted by Mr Mintoff, still a force to be reckoned with

in local politics, a law was passed in February guaranteeing that if a party had more than 50 per cent of the votes cast it would get a majority of seats. This would be done by co-opting the necessary number of candidates from the party's list of "best losers".

But amazingly, the Government linked the electoral reforms with other impending changes in the constitution which Dr Fenech Adami was not immediately willing to concede, including writing into the constitution Malta's status of neutrality and non-alignment.

The electoral reforms have

helped take some tension out of what was threatening to be a violent confrontation. There was a major confrontation in December between the Nationalists and the police at a rally in the southern town of Zejtun when 23 people were injured, and in another incident a Nationalist supporter was killed by machine gun shots fired into a local party club.

There is still a great deal of controversy over the discovery by police in 1985 of shotguns at a Nationalist Party headquarters. The Government saw this as evidence of a punitive plot to overthrow it, but the Opposition claimed it had no knowledge of the cache and believed that the guns could have been planted.

Nationalist leaders remain convinced that the police are politically biased in favour of the Labour Party and do nothing to prevent intimidation by Labour zealots. Police chiefs in their turn complain of a campaign of denigration and harassment by the Nationalists and their media supporters.

What remains problematical is Malta's relations with the US, which continue to be cool if not icy largely because of Malta's links with Libya. Dr Mifsud Bonnici has maintained cordial relations with Colonel Gaddafi, although there has been a falling off in trade and in tourism because of the impact of falling oil prices on the Libyan economy.

The Americans remain

CONTENTS

Politics: hoping for a clear cut result	2
Profile: Prime Minister Mifsud Bonnici Dr Eddie Fenech Adami, leader of the Nationalist opposition	2
Economy: flexibility acts as a spur to recovery	3
Trade: low dollar narrows the gap	3
Institutions: constitutional reforms run into controversy	3
Development schemes: a mixed blessing	4
Public investment: testing time for Nationalists' policy	4
Manufacturing: foreign investors start to move in	5
Tourism: aiming for a million visitors a year	5

where politics is so polarised that most villages have their separate Labour and Nationalist clubs, one spark could set things alight.

Credit for the lowering of tension must go at least partly to the actions of the Prime Minister. He has largely followed the economic and foreign policies in the 13 years of Mintoff rule, but he has trimmed at the edges and repaired many of the fences damaged by Mr Mintoff.

After the withdrawal of the last British troops in 1979 and the loss of £28m a year in revenue from the Nato base and naval dockyard, and from spending by British service families, Malta had to diversify its economy fast.

Investment came from Western Europe, particularly West Germany as well as the UK and Italy, and many state-backed enterprises were developed, including the dry docks based on the Royal Navy facilities, Malta Shipyards, a huge grain silo and a transhipment and container terminal.

Barter deals were struck with the Soviet Union and other eastern bloc countries and trade was developed with near neighbours in North Africa including Tunisia and Libya. But more recently there has been another change of tack and under Dr Mifsud Bonnici, the emphasis is again on closer links with Europe, especially the EEC.

Bridges have been built fast, especially with Italy, nearest neighbour and a major trading partner, and with the UK. Trade with Italy was disrupted when an air agreement ran out in 1982, but a new agreement was signed in November worth £1.54m (£98m).

Relations with the UK, which ranged from poor to non-existent under Mr Mintoff, are now cordial and were cemented last August with a ceremonial visit to Valletta by the frigate HMS Brazen. It was the first visit to Malta since the Royal Navy left in 1979.

What remains problematical is Malta's relations with the US, which continue to be cool if not icy largely because of Malta's links with Libya. Dr Mifsud Bonnici has maintained cordial relations with Colonel Gaddafi, although there has been a falling off in trade and in tourism because of the impact of falling oil prices on the Libyan economy.

The Americans remain

suspicious, however, and more US investment has been hard to attract.

In an interview in Valletta's splendid 16th century Auberge de Castille et Leon, built by the Knights of Malta and now the seat of government, Dr Mifsud Bonnici commented: "I do not think we have made any improvement in relations with the US. It is with Western Europe that there has been a marked improvement. They now understand and appreciate our policy of neutrality and non-alignment."

Dr Fenech Adami, were he to become Prime Minister, would not cut ties with Libya, he believes that Malta has been damaged internationally by being too closely identified with Col Gadaffi and his policies.

Apart from the easing of tension the Government has been helped by an improvement in the economy. Imports are stable, exports increasing and tourism is booming. A number of intractable problems have been solved or defused over the past two years, particularly the bridge deal between the Government and the Roman Catholic church over fee paying schools.

Top priority in their manifesto will now be given to bringing down unemployment which stands officially at 8 per cent but is probably at least twice that—Malta's black economy rivals that of Italy—and reform of the judicial system.

But the Government clearly feels vulnerable to the Nationalists' counter-charges of abuse of human rights and poor control over law and order, and to the simple attraction to the electorate of a change after 16 years of unbroken rule.

The Nationalists would clearly change the economic and investment climate, with a greater emphasis on the private sector and the dismantling of state controls, including the bulk purchase of many products centrally. It remains unclear how much state controlled industry can be dismantled readily, given its entrenched position and the hostility of the public sector workforce.

The big question mark in the next month must remain civil unrest. Both party leaders agree that immense damage would be done to either party if supporters got out of line and indulged in more violence.

MALTA — Successfully Industrialised

Its sound economy, stable political climate, well developed infrastructure, and geographical location at the centre of the Mediterranean have helped Malta in establishing exporting industry as its main economic activity.

In fact 30% of Malta's working population is already directly employed in Industry.

British companies such as Dowty
De La Rue
Valor
General Electric
Hawker Siddley
Stainless Steel Co (Lonrho)

have found Malta a profitable location for their offshore investments due to the combination of:

- an educated, flexible and productive English speaking labour force;
- the most competitive wage structure in Europe;
- services and promptly available factory space at subsidised rent.
- Association agreements with the EEC for duty

and quota free entry of Maltese manufactured products;

- preferential customs tariff entry to the USA and Commonwealth countries;
- excellent trading opportunities with African and Eastern countries;
- generous fiscal allowances on depreciation and re-investments.

Malta and the U.K. are also joined by Double Taxation and Investment Protection Agreement. Makes U.K. investments in Malta more profitable and safer.

For further information contact:

Mr Sonny Borg
Chairman
Malta Development Corporation
House of Katalunya
Marsamxett Road
VALLETTA
(or P.O. Box 571, Valletta, Malta)

Tel: 221431
Tlx: 1275 DEVCOR

MALTA 2

Politics

Clear cut result is the universal wish

PARTY POLITICS in Malta, traditionally polarised, were made even more feverish after the last election in 1981 when the party with a majority of the votes failed to gain a majority of the seats in the 65-member House of Representatives.

The ruling Labour Party, in power under Mr Dom Mintoff since 1971, gained 49.1 per cent of the votes compared with the Nationalist Party's 49 per cent but won three more seats.

There was a stream of angry charges of gerrymandering from the Nationalists, a boycott of Parliament, a programme of civil disobedience and warnings of mayhem if the same thing should happen again.

Temper has cooled in recent months as constitutional reforms have been enacted to try to ensure there is no repetition. But the campaign for the election due in early May, is certain to be tense and there is a universal wish for a clear cut result.

Ironically, Malta has a carefully structured proportional representation voting system based on the single transferable vote method which should in theory provide an accurate reflection of the electorate's wishes, and the trauma of 1981 was the first time in 60 years that such an anomalous result had occurred.

According to independent election analysts, the result occurred not so much through gerrymandering of constitutional boundaries but because more of the votes cast as first preference for the Nationalists were wasted compared with votes cast for Labour. Nationalist candidates were runners-up in nine constituencies and Labour in only four.

The drawing of boundaries by an independent election commission became more difficult after 1974 when the constitution was amended to cut the permissible deviation from the national quota in the 13 electoral districts from 15 per cent to 5 per cent and to disregard parish boundaries if necessary. This has created some extremely convoluted and artificial boundaries and has fuelled Nationalist suspicions of gerrymandering.

After a series of stop-go negotiations between the parties last year a plan was put forward by Mr Mintoff, still a force to be reckoned with on the

parliamentary back benches. This would allow the party gaining more votes but fewer seats in Parliament the right to co-opt enough MPs to enable it to govern.

The idea was rejected initially but it eventually formed the basis of a constitutional amendment put through Parliament in January this year which both parties hope will resolve the issue.

In future, if a party with over 50 per cent of first preference votes gets fewer than half the seats, the necessary number of MP's will be added from the party's list of "best losers" to ensure a majority in the House of Representatives.

They also conceded the principle of restraining from accepting any form of electoral hacking from overseas political organisations. There was a big political row in 1981 when the Nationalists sought help in their campaign from allies like West European Christian Democratic parties.

Any "foreign interference"

in the year in which an election is fought will now give the government of the day a reason for cancelling the poll.

Richard Evans



Prime Minister Carmelo Mifsud Bonnici: soft spoken and less combative image than predecessor, autocratic Dom Mintoff

Profile: Prime Minister Carmelo Mifsud Bonnici

Labour's adroit conciliator

THE GROUND rules of Malta's overheated politics have changed since Dr Carmelo Mifsud Bonnici became Prime Minister in December, 1984. He was handpicked by the autocratic Mr Dom Mintoff who ruled Malta like a medieval fiefdom for 13 years, and the contrast could not be greater.

To prevent any intimidation in the vote counting rooms only candidates and their agents will be allowed passes. Labour Party lists will be handed to the Nationalists and vice versa so that any known trouble makers can be weeded out.

In reality Dr Mifsud Bonnici was charismatically aggressive and confrontational, Dr Mifsud Bonnici is soft spoken and conciliatory.

In the two and a half years of his premiership he has taken

steps to project a less combative image and effort to take

some heat out of the polarised

politics of Malta. But the impression can be deceptive.

In reality Dr Mifsud Bonnici, a 53-year-old ascetic bachelor,

is just as tough an operator as

Mr Mintoff, and rather more

subtle. He masterminded the

Labour Party's controversial

third-in-a-row election victory

over the Nationalist Party in

1981, he spearheaded the cam-

paign against the Catholic

Church's fee paying schools —

the most contentious political

issue of the past few years—and

he has retained close ties with Libya.

But he prefers a less abrasive style and he has succeeded in defusing so many issues that the Nationalists are finding him a difficult target to attack.

Essentially, he has made the Labour Party's interventionist, neutralist policies appear less controversial without in essence changing them.

In many ways, Dr Mifsud Bonnici was a curious choice to succeed Mr Mintoff. He has never stood for public office and he may not be a senior figure in the Labour Party. His preferment by Mr Mintoff has never been fully explained but the assumption is that the aim was to choose an outsider to avoid a threatened internecine battle for succession within the Labour Party hierarchy.

His earlier career was worthy but staid. In the 1960s and early 1970s he was legal adviser to the Malta Young Christian Workers' Movement and later to the government-controlled General Workers' Union.

The breakthrough came after he gained Mr Mintoff's gratitude

by organising Labour's election victory of 1981. After an elaborate series of boundary changes shortly before polling day, Labour achieved victory under a proportional representation system of voting in spite of securing fewer votes than the Nationalists. It was a highly controversial victory that still rankles deeply with the Nationalists.

As Minister of the Interior he is responsible for the Armed Forces, Police, airport security, immigration and prisons, while as Education Minister he is in charge of education, libraries, the information division and Gozo affairs.

On the international front the major achievements of the grey-haired, crew-cut Prime Minister have been a repairing of fences with the West, especially the UK and Italy, although relations with the US remain strained because of continuing close contacts with Libya.

Domestically, there is a more relaxed atmosphere because of an upturn in the economy and closer links with the private sector which was out in the cold for years under Mr Mintoff. Dr Mifsud Bonnici lives with one of his two sisters. He has three brothers, one of whom is a Nationalist MP and another a Catholic priest.

Richard Evans

citizenship, oil exploration, broadcasting, civil aviation, ports and shipping.

As Minister of the Interior he is responsible for the Armed Forces, Police, airport security, immigration and prisons, while as Education Minister he is in charge of education, libraries, the information division and Gozo affairs.

On the international front the major achievements of the grey-haired, crew-cut Prime Minister have been a repairing of fences with the West, especially the UK and Italy, although relations with the US remain strained because of continuing close contacts with Libya.

Domestically, there is a more relaxed atmosphere because of an upturn in the economy and closer links with the private sector which was out in the cold for years under Mr Mintoff. Dr Mifsud Bonnici lives with one of his two sisters. He has three brothers, one of whom is a Nationalist MP and another a Catholic priest.

Richard Evans

Profile: Dr Fenech Adami, leader of the opposition

Lawyer lifts the class barriers



Dr Eddie Fenech Adami, turning the Nationalist party into a well-oiled machine

WHEN TEN years ago Dr Eddie Fenech Adami, now 53, took over as leader of the opposition Nationalist Party from the late George Borg Olivier, few rated highly his chances of refurbishing the party's electoral strength. Having been trounced twice in the previous five years by former premier Mr Dom Mintoff's ruling Labour party, the Nationalists, demoralised and disorientated, appeared to be heading towards a gradual extinction.

Pessimism about Dr Fenech Adami's qualifications to give the apparently unrepresentative Dom Mintoff a run for his money looked not altogether misplaced. Having entered parliament in 1968 through a by-election held in his district of Birkirkara, Dr Fenech Adami's political track record was hardly earthshaking.

Very much of a political unknown, the new leader appeared to be another dapper lawyer more likely to get entangled in the legalities of the wholesale review being ordered by Mintoff of Malta's traditional life styles, than to check in at the polls.

Yet, at the first opportunity, in the David and Goliath elections battle of 1981, Dr Fenech Adami came unbelievably close to unseating Mr Mintoff from power. The event was only impeded by controversial electoral boundary reforms which gave the Labour party a three seat parliamentary majority, while the Nationalist party had scored an outright 51 per cent of the popular vote.

Since then Dr Fenech Adami's popularity has steadily risen. He has developed his party along professional lines into a well-oiled political machine.

Though neither charismatic nor populist by nature, Dr Fenech Adami has transcended Malta's distinctive class barriers. His supporters include shopfloor workers as well as the island's conservative middle and landed gentry.

His critics see him as both politically naive and weak under pressure. This is perhaps due to his intransigent uncompromising stance rather than a confrontational stance. In February he conceded on the issue of extraching Malta's neutral and non-

aligned status in the constitution, and agreed not to seek outside support during elections in exchange for a constitutional guarantee his party will be allowed to govern should it net more than 50 per cent of the votes at the May general election.

Dr Fenech Adami's politics are cast in the same mould as those of Christian Democrats in much of the rest of Europe, and he is well liked and popular in the European Union of Christian Democrats (EUCD) since 1978. He is against delivering Malta back to Nato as a base but will sue for EEC membership if elected to power.

His leadership of the opposition Nationalist party has been marked by relentless criticism of the government for its excessive use of power. His clarion call in the current campaign — work, justice, freedom — represents the party's priorities if elected.

"We want to create more economic wealth, end political patronage and satisfy people's demands for more personal freedom," he explains.

Godfrey Grima

Bank of Valletta Limited the first Maltese bank

The only Bank in Malta to provide

- Bank Card facilities backed by Visa
- Venture Capital Opportunities
- Maritime Services
- Highly competitive non-residents Foreign Currency Accounts

BANK OF VALLETTA LTD
58, ZACHARY STREET,
VALLETTA,
MALTA.
TEL: 623261
TELEX: MW 1235
TELEFAX: 230269

WYOMING BUILDING
SUITE 2 GROUND FLOOR,
175, MACQUARIE STREET,
SYDNEY
NSW 2000,
TEL: (02) 231 5102
TELEFAX: (02) 231 4919

MALTA 3

Economy

Moving along the right lines

"WHAT WE actually have," argues Mr Lino Spiteri, Malta's Oxford-educated minister for economic planning, and a former deputy governor of the island's central bank, "is a medium-sized rock in the centre of the Mediterranean. That gives us a strategic position, but we have no minerals, no raw materials, only our labour force, rock, sun and sea."

Notwithstanding these limitations, the economy has been steadily maturing. Its performance, as it grapples with problems peculiar to its size is not dazzling, but neither has Malta finished up as a client state of the US, as many predicted at independence in 1964, nor of the Soviet Union, as many feared with the closure of British military bases in 1979 at an annual cost of ML25m (£247m) in lost revenue.

That progress has not been faster can be blamed on three factors: the island's almost total exposure to international market forces; its size and, throughout the premiership of Mr Dom Mintoff, who retired in 1984, the over-ambitions of economic targets on which eight successive Ministers of Economic Wealth have based their policies. Much of the economic wealth would have generated had not valuable time and money been lost trying to turn Malta into a highly industrialised

state. The manner in which the move towards a stronger public sector was launched lacked the finesse needed to allay fears that the Government was seeking to elbow the private sector out of business. The establishment of a bevy of state-owned companies, ranging from nationalised firms, such as a national oil carrier, an airline, banks, shipbuilding yards, and a string of failed industrial projects, has caused the private sector to view with distrust the Government's intentions. Many considered state intervention a prelude to economic disaster.

When four years ago tourist and export receipts suddenly plummeted there was near panic. Mr Mintoff's policies lacked the flexibility needed to cope with the depression. The arrival of Dr Carmelo Mifsud Bonnici as prime minister in 1985 and a slight economic recovery in western Europe, Malta's main market, quickly gave the economy a timely spin off.



Italy's former Prime Minister, Bettino Craxi and Dr Mifsud Bonnici, Prime Minister of Malta, signing the ML 50m Italias aid package for Malta

Malta in 1986

Population:	341,000
Labour supply:	123,000
Unemployed:	8,500
Gross Domestic Product:	ML 502m
Rate of inflation:	1 per cent

though lending increased substantially in 1986. This is the effect of constantly growing personal savings.

"We are heading towards becoming an affluent society," argues Dr Eddie Fenech Adam, Minister of Finance at the Maltese Central Bank. He drives the point home by revealing that 54 per cent of the Maltese now own their own house. A whole generation has been raised to expect economic growth and welfare to increase year by year.

A more indicative benchmark is the island's balance of payments position. In 1986 it topped up a ML 5.5m favourable balance on current accounts.

Malta's major problem, however, remains unemployment. Clearly the economy is unable to expand in time to absorb excess labour, and solutions are costing the country dear as thousands seeking employment are offered government jobs. More than 31,000 people—over a third of those gainfully occupied—work in government departments, serve in parastatal organisations, work as apprentices, trainees or as auxiliary workers.

Organisations in which government has an interest mop up

all the jobs they can afford. A three-year economic plan launched last year specifically to curb unemployment is, according to Mr Spiteri, ahead of its projects, helped by this scheme and by the creation of 1,150 new openings by the private sector.

In paring down the army of jobless through public sector employment, the government is running the risk of setting off a bout of inflation. An increased wages bill could inflate the island's imports bill now running at an annual ML 247m. This in turn may increase Malta's visible trade gap which last year fell to ML 15m.

Government economic planning is not always consistent. With official reserves still growing at ML 544m, the state can well afford to finance transitory employment on this level. Improved income from wages at the same time promises to bring expansion in tourism and the manufacturing sector. Thirdly the government's recruitment schemes could well take the bottom out of an underground economy now running at a reputed 25 per cent of the national economy.

With the island in the middle of a general election campaign, opposition and Nationalist Party leader, Dr Eddie Fenech Adam insists unemployment is out of hand and that no gain is made from having one civil servant for every 10 people. This is what the current large scale recruitment into the government service will provide.

He says his party will introduce a new prices incomes policy should it win the forth-

coming poll. This he says, will differ from the existing model which has kept wages and prices fixed for five years.

A Nationalist Government will also dismantle Malta's state bulk buying system which imports 50 per cent of essential commodities entering the island. Dr Fenech Adam, however, appears to harbour no inclination to liberalise the economy completely, for example, privatising banks.

Prime Minister Mifsud Bonnici argues the economy is no longer on a plateau. "Exports have improved and we're getting so many tourists from Britain we're afraid we would be lulled into making the mistake of ignoring demand from continental Europe."

He is also buoyed by the increasing interest being shown in Malta by American investors.

Godfrey Grima

Imports and Exports

	(Lm)		1985	
	Imports	Exports	Imports	Exports
EEC	258.0	124.3	252.0	129.6
UK	65.7	29.9	61.6	26.6
West Germany	63.1	57.4	65.8	61.9
Italy	*81.8	17.4	81.8	21.0
US	20.3	11.9	18.2	14.9
USSR	5.1	10.2	4.2	8.1
Total	354.1	169.2	347.5	180.1

* Includes £25m worth of fuel refined in Italy

Source: Central Office of Statistics, Malta

Trade

Dollar fall cuts deficit

EACH YEAR Malta runs a merchandise trade deficit with the rest of the world, often amounting in total to more than a fifth the size of gross domestic product.

Being completely barren of mineral deposits and raw materials, the island is forced to import all of its consumer needs as well as the supplies demanded by its industrialisation programme.

Fluctuating international commodity and money markets heighten Malta's difficulties in coping with deficits. Jitters on world markets, for good or ill, have an instant marked effect on its trading performance.

What illustrates the point clearly are the current fortunes of the US dollar. A weakening of US dollar narrows Malta's trade gap as the cost of imports comes down. This is what presently sustains Malta's current low, stable deficit.

Along with the dollar realising Malta paid ML 247m (£222m)

for global imports compared with ML 354m a year before. An improvement of ML 10m in exports, which grew to ML 294m in 1986, chipped further at the trade deficit. By year's end the trade gap had narrowed to ML 153m from ML 167m in 1985.

Unfortunately the situation will reverse itself once the dollar picks up again, unless there is a substantial increase in exports. The slow nature of the recovery which Maltese exporting firms are undergoing rules out the prospect, however, of a rapid turnaround.

Yet the outlook for Malta is not as bleak as one would imagine and successive attempts to keep the trade gap in harness have resulted in the trade balance no longer being

the dominant economic concern.

Some help is coming from the practice of countertrading Malta-made goods against essential commodities. Trade reciprocity deals are especially appealing to East European countries which have been responsible over recent years for supplying an increasing amount of coal, cars, and, on a few occasions, crude oil to the island.

Two successive countertrade deals signed with the Soviet Union have helped Maltese exporters win orders worth over US\$700m, spread over six years. These cover the purchase of clothing, footwear, leather products and eight, 10-ton inland containers and under construction at the Marsa shipbuilding yards.

A handful of major corporations from the west, including car manufacturers, are prepared to countertrade rather than lose the Maltese market completely. In the main, however, West German exports to Malta are not finding a market in Malta's industrial expansion.

Britain makes up for the loss by maintaining its position as Malta's main supplier of tourists. Tourism in 1986 earned the island a gross ML70m, the greater part of which was spent by British holidaymakers. Arrivals from Britain this year are already 58 per cent up, which for Malta reflects the swift recovery of the UK market. Britain, besides providing Malta with ship repair work, is also a prominent source of manufacturing investment.

West Germany last year purchased ML61.8m worth of Malta-made products against exports to the island valued at ML45.8m. This roughly worked out at a favourable balance of ML14m for West Germany, but the federal republic is making a substantial contribution to Malta's economic wellbeing through the 43 industrial concerns operating on the island.

Malta's geographic proximity to Europe, and the island's industrial expansion have all played a role in substantially increasing Maltese imports from Europe.

Since the European Community holds a vital importance for Maltese exporters, a government-inspired confrontation with European trading partners over debts can only be unpredictable. The latest was triggered from a virulent dispute which former premier Dom Mintoff had with Italy in 1984.

That row has long been settled but Italy still enjoys a ML60m trade surplus with Malta each year. In 1986 Italy bought ML21m worth of semi-manufactures against Maltese purchases of ML81m.

Malta's trade relations with Britain remained another major trade imbalance. Similar to the UK last year depicted by ML2m to ML26.8m. In return Malta bought ML61.8m worth of British-made goods.

France seems to make no conspicuous effort to trim down a

annual trade surplus averaging ML7m.

With sales to the EEC last year totalling ML129.6m compared to ML232m worth of imports, Malta was left with a huge trade imbalance of ML22.4m.

Malta tries to make up for this loss by persuading offending countries into coming up with financial and economic aid as compensation.

"Wherever we are selling more than we are buying" points out Dr Mifsud Bonnici the prime minister "we stand a good chance of striking some balance."

The initiative worked well with Italy last year. Following lengthy negotiations, the island was awarded a ML50m grants over four years and given its first loan and project finance runs until 1990. Italy is also offering investors fiscal advantages to start up industry in Malta which, as is the case with West Germany, would help step up exports and cut down the bilateral trade gap.

Britain makes up for the loss by maintaining its position as Malta's main supplier of tourists. Tourism in 1986 earned the island a gross ML70m, the greater part of which was spent by British holidaymakers. Arrivals from Britain this year are already 58 per cent up, which for Malta reflects the swift recovery of the UK market. Britain, besides providing Malta with ship repair work, is also a prominent source of manufacturing investment.

West Germany last year purchased ML61.8m worth of Malta-made products against exports to the island valued at ML45.8m. This roughly worked out at a favourable balance of ML14m for West Germany, but the federal republic is making a substantial contribution to Malta's economic wellbeing through the 43 industrial concerns operating on the island.

Malta's trade relations with Britain remained another major trade imbalance. Similar to the UK last year depicted by ML2m to ML26.8m. In return Malta bought ML61.8m worth of British-made goods.

Malta's geographic proximity to Europe, and the island's industrial expansion have all played a role in substantially increasing Maltese imports from Europe.

Since the European Community holds a vital importance for Maltese exporters, a government-inspired confrontation with European trading partners over debts can only be unpredictable. The latest was triggered from a virulent dispute which former premier Dom Mintoff had with Italy in 1984.

That row has long been settled but Italy still enjoys a ML60m trade surplus with Malta each year. In 1986 Italy bought ML21m worth of semi-manufactures against Maltese purchases of ML81m.

Malta's trade relations with Britain remained another major trade imbalance. Similar to the UK last year depicted by ML2m to ML26.8m. In return Malta bought ML61.8m worth of British-made goods.

Malta's geographic proximity to Europe, and the island's industrial expansion have all played a role in substantially increasing Maltese imports from Europe.

Since the European Community holds a vital importance for Maltese exporters, a government-inspired confrontation with European trading partners over debts can only be unpredictable. The latest was triggered from a virulent dispute which former premier Dom Mintoff had with Italy in 1984.

That row has long been settled but Italy still enjoys a ML60m trade surplus with Malta each year. In 1986 Italy bought ML21m worth of semi-manufactures against Maltese purchases of ML81m.

Malta's trade relations with Britain remained another major trade imbalance. Similar to the UK last year depicted by ML2m to ML26.8m. In return Malta bought ML61.8m worth of British-made goods.

Malta's geographic proximity to Europe, and the island's industrial expansion have all played a role in substantially increasing Maltese imports from Europe.

Since the European Community holds a vital importance for Maltese exporters, a government-inspired confrontation with European trading partners over debts can only be unpredictable. The latest was triggered from a virulent dispute which former premier Dom Mintoff had with Italy in 1984.

That row has long been settled but Italy still enjoys a ML60m trade surplus with Malta each year. In 1986 Italy bought ML21m worth of semi-manufactures against Maltese purchases of ML81m.

Malta's trade relations with Britain remained another major trade imbalance. Similar to the UK last year depicted by ML2m to ML26.8m. In return Malta bought ML61.8m worth of British-made goods.

Malta's geographic proximity to Europe, and the island's industrial expansion have all played a role in substantially increasing Maltese imports from Europe.

Since the European Community holds a vital importance for Maltese exporters, a government-inspired confrontation with European trading partners over debts can only be unpredictable. The latest was triggered from a virulent dispute which former premier Dom Mintoff had with Italy in 1984.

That row has long been settled but Italy still enjoys a ML60m trade surplus with Malta each year. In 1986 Italy bought ML21m worth of semi-manufactures against Maltese purchases of ML81m.

Malta's trade relations with Britain remained another major trade imbalance. Similar to the UK last year depicted by ML2m to ML26.8m. In return Malta bought ML61.8m worth of British-made goods.

Malta's geographic proximity to Europe, and the island's industrial expansion have all played a role in substantially increasing Maltese imports from Europe.

Since the European Community holds a vital importance for Maltese exporters, a government-inspired confrontation with European trading partners over debts can only be unpredictable. The latest was triggered from a virulent dispute which former premier Dom Mintoff had with Italy in 1984.

That row has long been settled but Italy still enjoys a ML60m trade surplus with Malta each year. In 1986 Italy bought ML21m worth of semi-manufactures against Maltese purchases of ML81m.

Malta's trade relations with Britain remained another major trade imbalance. Similar to the UK last year depicted by ML2m to ML26.8m. In return Malta bought ML61.8m worth of British-made goods.

Malta's geographic proximity to Europe, and the island's industrial expansion have all played a role in substantially increasing Maltese imports from Europe.

Since the European Community holds a vital importance for Maltese exporters, a government-inspired confrontation with European trading partners over debts can only be unpredictable. The latest was triggered from a virulent dispute which former premier Dom Mintoff had with Italy in 1984.

That row has long been settled but Italy still enjoys a ML60m trade surplus with Malta each year. In 1986 Italy bought ML21m worth of semi-manufactures against Maltese purchases of ML81m.

Malta's trade relations with Britain remained another major trade imbalance. Similar to the UK last year depicted by ML2m to ML26.8m. In return Malta bought ML61.8m worth of British-made goods.

Malta's geographic proximity to Europe, and the island's industrial expansion have all played a role in substantially increasing Maltese imports from Europe.

Since the European Community holds a vital importance for Maltese exporters, a government-inspired confrontation with European trading partners over debts can only be unpredictable. The latest was triggered from a virulent dispute which former premier Dom Mintoff had with Italy in 1984.

That row has long been settled but Italy still enjoys a ML60m trade surplus with Malta each year. In 1986 Italy bought ML21m worth of semi-manufactures against Maltese purchases of ML81m.

Malta's trade relations with Britain remained another major trade imbalance. Similar to the UK last year depicted by ML2m to ML26.8m. In return Malta bought ML61.8m worth of British-made goods.

Malta's geographic proximity to Europe, and the island's industrial expansion have all played a role in substantially increasing Maltese imports from Europe

MALTA 4

Institutions

President's role may be enlarged

MALTA'S independence constitution, inspired by Whitbread in 1964, has proved no more immutable than those of other emerging Commonwealth countries.

In 1974, the Valetta parliament turned Malta into a republic, dismantling the last vestiges of a 200-year-old association with Britain. That was more of a cosmetic than a substantial change, with the workings of the island's political, economic and social institutions being left untouched.

Far-reaching constitutional reforms were enacted in February this year. A two-thirds parliamentary majority entrenched Malta's neutral and non-aligned status in the constitution, preventing future governments from driving Malta into Nato or the Warsaw Pact. Another reform commits political parties not to solicit foreign backing in the run up period to a general election.

A third change guarantees power for the party netting the increased presidential

more than 50 per cent of the popular vote at a general election. This should foil a perverse result similar to that of 1962, which returned Labour to power with a minority of votes.

The changes to the rules under which the forthcoming election will be fought were devised by Malta's former prime minister Mr Dom Mintoff—a measure of the influence he still wields as a Maltese elder statesman.

It now seems highly possible parliament will after the elections promote new constitutional changes to propel Mr Mintoff back to the centre of the Maltese political stage, as president with increased though not total executive powers.

The Prime Minister Dr Carmelo Mizzi Bonnici has already twice offered Mr Mintoff the presidency and opposition leader Dr Eddie Fenech Adami, at least until recently, was not against supporting Mr Mintoff's nomination either.

The increased presidential

powers would include authority over the army and the right to appoint people to certain key posts. These would include, for example, appointments over which government and the opposition traditionally bicker.

Dr Fenech Adami would seem to view his former political enemy as a potential ally in restraining boisterous Labour party and trade union elements from any attempts to destabilise a future Nationalist government. Should Mr Mintoff's nomination come up, however, Dr Fenech Adami will have to explain his support to grassroots party activists many of whom blame Mr Mintoff's successive administrations for their numerous ills. These include high handed treatment at the government's hands, not to mention violence, and a debasement of the currency of political debate.

It is the state of law and order, however, which the opposition presently finds most disquieting, not the future of the presidency.

Particularly worrying for Dr Fenech Adami is the behaviour of the island's 1,500-strong police force which he insists protects pro-government thugs and tortures his supporters during questioning.

Yet, although actions have been filed in the courts alleging police brutality, the claim that police are torturing opposition supporters on an "epidemic scale" seems exaggerated, like the government's claim that an arms cache had been discovered in 1983 at the Nationalist party headquarters. What was found amounted to a couple of thousand handbags containing, some 100 litres of acid, truncheons and steel helmets (which were later said to be theatre staged props) together with some handguns and automatic rifles in warehouses owned by Nationalist party supporters.

The problem is that both political parties now have become paranoid about the plot the other side is supposed to be hatching.

The police, while denying the accusation that torture takes place, in turn accuse the Nationalist party of mounting a systematic campaign to demoralise force members and to twist the force's public image.

That certainly did not help matters for the police was the murder of a young Nationalist supporter whose death was first blamed on another Nationalist party activist. This swiftly

led to accusations of cover-up by the police.

The police, while denying the accusation that torture takes place, in turn accuse the Nationalist party of mounting a systematic campaign to demoralise force members and to twist the force's public image.

Obviously Malta's two rival political parties are now mindful of the serious problems Malta will face should they sow the seeds of social unrest.



Former Prime Minister Dom Mintoff may return to the centre of the stage as President

unleashed a press campaign which tried to show the police were framing innocent people. "We have no means to fight this slur campaign. There are thugs in both political parties. The force is stretched to the limit and often it becomes difficult to keep political violence in check," insists a senior official.

Decisions by politicians again often create unnecessary problems for the police. When the Nationalist party last year rallied thousands of supporters to walk into a no-go area after the courts had overturned government ban on the police were squarely blamed for the clashes which erupted in which several people were injured.

This is not to suggest the police behaved with total propriety or that all Nationalist party charges against high handed police tactics are unfounded. However, both the police and the Prime Minister Mr Mintoff, in his suggestion, made by Dr Fenech Adami, that rowdy government supporters might enter with the forthcoming election result, should the Nationalists win, by attacking the counting house.

"Should anyone be as foolish I will personally lead our supporters to help the security forces clear them out of there. No one goes in to attack the counting house whichever way the result goes," affirms the Prime Minister Mizzi Bonnici.

Parliamentary democracy has been presented intact so far although, on occasions, parliamentary business falls victim to unruly scenes. It is not uncommon in parliament for tempers to run riot or for an army colonel to enter the chambers to trade insults with the opposition leader.

A novel by Dr Oliver Freggieri, a noted scholar on the island called "No Flowers Bloom in Parliament" which pits the small man against misbehaving government officials recently

was published in Malta which reflects people's concern with politicians' excesses. Legislation, in recent years in particular, however, tended to be mostly synchronised to Malta's real needs.

Broadcasting, which is run by the Government, this last year has lowered its hostile tone towards the opposition. With the broadcasting authority keeping a watchful eye both radio and television have inserted a more balanced tone in their coverage of political events.

Overall, therefore, Malta's political, economic and social institutions seem to be surviving the storms a small island inevitably runs into. The Government's powers in maintaining law and order end where those of the judiciary begin. This is probably as far as the Government will go in reforming the courts, a long-standing Socialist party promise.

The opposition party is against key institutions, like broadcasting and the banks, being in the hands of party people. "If we are elected we shall not be out for heads. We want efficient people to be able to live with us in doing their duty," says Dr Fenech Adami.

Obviously Malta's two rival political parties are now mindful of the serious problems Malta will face should they sow the seeds of social unrest.

Godfrey Grima

Thriving role for the banks

ser of arts and culture in Malta.

The institutions appear to have generated public confidence in Malta's banks, though part of the public sector, are thriving. Dr Joe Buttigieg, chairman of Mid-Med Bank, the largest commercial banking operation in Malta proudly points at the substantial participation of his organisation in industry. Mid-Med Bank is also a major spender of arts and culture in Malta.

The youthful chief executive of the rival bank of Valletta Mr Dennis Sammut points to his bank's expansion with pride. In Australia, he says, millions of dollars are being taken in as deposits. The Bank of Valletta, he reveals, will shortly be flying the flag in the City of London, too.

Public Investment

Key question is Nationalist attitude

insurance, telecommunications and radio and television.

In all, the public sector generates over 40 per cent of the country's gross national product and employs a third of the workforce. The key question now is what would happen to the public sector should the Nationalists—much more market oriented than Labour—win the forthcoming election.

Central control has meant that the Government can provide a wide range of incentives to attract foreign investors, often through the Malta Development Corporation and these have developed either as joint enterprises or independently. There is no insistence on a state or a Maltese holding of any sort.

The country's biggest single employer, with a workforce of 4,500, is Malta Drydocks which uses the former Royal Navy facilities in Grand Harbour, Valletta.

The drydocks, hit by the European recession and the world shipping slump, has suffered heavy losses in recent years, but 1986 was the best year since nationalisation and the outlook is now brighter. It is estimated that increased orders of 15 per cent would allow the docks to break even, but competition for orders in the Mediterranean is as fierce as ever and in the past many have been politically inspired. Examples are contracts with China and eastern bloc countries.

The drydocks are under workers' management and no employees have been sacked in recent difficult years, although prices have had to be trimmed back. According to Mr Sammy Micallef, the dynamic chairman of Sea Malta, the dynamic chairman of the Maltese Arab democratic has been useful in avoiding labour problems that have affected yards elsewhere.

The drydocks, which has seven docks one of which can take vessels up to 300,000 tons deadweight, is not strictly a co-operative as the workers do not own the company. The worker-elected council is in day-to-day charge but it is fully responsible to the Government.

There have been close links between the drydocks and the Malta Shipbuilding Company at nearby Marsa, which is a joint Maltese-Arab venture, with 51 per cent of the capital held by the Malta Government, 30 per cent by Libyan interests and 9 per cent by an Algerian bank.

It was set up in 1976 to provide the island with facilities to build ships up to 120,000 tons deadweight, thus complementing the repair, refitting and specialised engineering work.

Our target is to handle 50,000 containers by the sixth year," says Mr Fountain.

One of the earliest decisions of the Mintoff administration was to challenge the domination in Malta of foreign-owned ports and shipping lines. By launching 13 years ago the national flag carriers, Air Malta and Sea Malta.

The country's changing trade patterns in the 1970s demanded a rapid expansion of air and sea links which foreign carriers were not providing, but breaking into the international market was inevitably difficult, particularly for the shipping line.

Air Malta under the chairmanship of Mr Albert Mizzi has benefited from the growth in tourism and has recently signed a contract for the Boeing 737-200 aircraft and for an A320 Airbus with an option on another.

The banks were roped into the public sector to ensure that the Mintoff Government's plans for a high degree of state control could be fulfilled. Neither of the two commercial banks, Bank of Valletta and Mid-Med Bank, formerly Barclays, have fared badly since nationalisation. Both participate considerably in government and private development projects and make healthy profits.

The Federation of Industry, which represents the private sector, is pressing for permission for private and foreign banks to operate in Malta. It believes that the present state controlled system is orientated too much towards saving and too little towards merchant banking and sophisticated investment services.

The Government has in fact expressed an interest in developing the structure and in developing Malta as a centre of offshore banking.

Such a move could also benefit the insurance industry, which was taken largely into state ownership in 1961 when Middle Sea Insurance was formed to develop international markets. Gross premiums have risen from ML 500,000 in 1961 to ML 5,000,000 in 1986.

The nationalists will be faced with difficult political problems should they gain office. They are ideologically strongly opposed to state ownership and control yet because of the interventionist policies of Mr Mintoff, the state plays a fundamental role in the Maltese economy.

It would be extremely difficult and politically and industrially divisive to attempt to dismantle the present system, and the chances are that peripheral rather than fundamental changes would be sought. The accent would be on increased competition and on making the state sector more efficient.

Richard Evans

Development

Results prove variable

A SPLENDID range of development schemes, ordered at a time when tourism and manufacturing industry threatened to falter, have begun to come on stream, but with mixed results so far.

The more ambitious projects seem more fitting for highly industrialised nations than for this tiny island state, but are being supported mainly for their long term potential.

This is particularly true of an ML 80m (£136m) shipbuilding, which was built out of wasteland at a cost of ML 80m and is said to be doing well. Within the relatively short space of a decade the shipyard, Marsa, has been constructed from scratch, equipped and has moved to the business of building ships as though it was a traditional Maltese activity. Last year the yard's workforce reached 1,800 men from a previous 700.

"We are booked solid for seven years to come," Mr Sidney Barbara, the company chairman, reports.

Overseas, during the past 16 years more than £1bn has been sunk in a vastly improved infrastructure and government sponsored industrial outlays. Another ML 61m have been earmarked for capital expenditure under a three year development plan launched last year.

A continual roadbuilding programme has resulted in new facilities both to service new developments and to improve access to beach resorts.

Considerable investment has been absorbed, too, in updating telecommunications. Automatic

dialling now links the island with all of Europe and, after the installation of a satellite earth station last year, with North America. The plan is to step up domestic telephone lines to 132,000 by 1988.

Housing remains a priority even though Malta is reported to be one of the best housed countries in Europe.

"Our target is for every Maltese to own his own house. We are planning on building more housing estates and currently we are working on a scheme which will allow us to buy the land at their rent without the landlord 'locking out,'" the Prime Minister, Dr Mizzi Bonnici, explains. Substandard homes have mostly been bulldozed to make way for modern state housing estates.

With the government setting its sights on attracting 1m holidaymakers a year, a new air terminal is being built at Luqa airport at a cost of roughly ML 10m. Yacht marinas are being developed on Malta and Gozo while the few sandy beaches in existence are being spruced up.

At the same time the Government is building an additional 40 factories to meet demand from an increasing flow of industrial investors.

By and large the Maltese have spent their money wisely. This wide range of development is helping curb unemployment. At the same time it will stand Malta in good stead once its tourist and manufacturing industries recover fully.

Godfrey Grima

FARSONS...in Malta

Farsons...in Malta is synonymous with leadership in industry and enterprise. A company which during its almost sixty years of existence has always striven to excel in the quality of beers and soft drinks and has always played an important part in the economy of the Maltese Islands.

Farsons also carries high Malta's pride overseas. Its own beers, Hopleaf Pale Ale, Blue Label Ale and Cisk Lager have all been awarded prizes in international competition. Its own unique bitter sweet soft drink Kinnie, is now produced under franchise overseas. Another own product "Farsons Shandy" has been successfully launched in the United States.

Farsons also produces a number of international soft drinks under franchise, including Pepsi-Cola and Schweppes, fruit juices, table water and squashes.

Determined to face the challenge of the future, Farsons is constantly investing in developing its human resources and upgrading its production facilities.

FARSONS - Brewers with a world of experience

Simonds Farsons Cisk Limited The Brewery Mriehel Malta

Tel: 1383. Tel: 440331



MEDITERRANEAN INSURANCE BROKERS LIMITED

International Insurance & Reinsurance Brokers

Maison Demandois,
South Street, Valletta, Malta.
Tel: 2331017
Telex: 15228MW. Cables: INS BRO Malta



A Member of the
M&B Holding Group.



THE EXPERTS

Refurbishers of
Electromechanical
Telephone Exchanges

Office of the Board,
Marsa - MALTA

Tel: +356 223431
Telex: +406 1286 TMFON

When it comes to conferences we have everything going for us.

Who would you say offers Conference Operators, the best package in the Mediterranean? MALTA.

We certainly have the most attractive modern conference facilities in the region. Most are based in Valletta, our capital city and around tourist orientated resorts.

Contact the Director: Leslie Agius, Malta Tourist Office, Suite 207, College House, Wright's Lane, Kensington London W8 SSH. Tel: 01-938-2668 Telex: 266083 BBCG

We then have two unbeatable unpaid allies: the sun and clear unpolluted seas.

And we're close.

If you're planning a truly successful conference, we're only a telephone call away.

The drydocks, which has seven docks one of which can take vessels up to 300,000 tons deadweight, is not strictly a co-operative as the workers do not own the company. The worker-elected council is in day-to-day charge but it is fully responsible to the Government.

There have been close links between the drydocks and the Malta Shipbuilding Company at nearby Marsa, which is a joint Maltese-Arab venture, with 51 per cent of the capital held by the Malta Government, 30 per cent by Libyan interests and 9 per cent by an Algerian bank.

It was set up in 1976 to provide the island with facilities to build ships up to 120,000 tons deadweight, thus complementing the repair, refitting and specialised engineering work.

It is not strictly a co-operative as the workers do not own the company. The worker-elected council is in day-to-day charge but it is fully responsible to the Government.

It is not strictly a co-operative as the workers do not own the company. The worker-elected council is in day-to-day charge but it is fully responsible to the Government.

It is not strictly a co-operative as the workers do not own the company. The worker-elected council is in day-to-day charge but it is fully responsible to the Government.

It is not strictly a co-operative as the workers do not own the company. The worker-elected council is in day-to-day charge but it is fully responsible to the Government.

It is not strictly a co-operative as the workers do not own the company. The worker-elected council is in day-to-day charge but it

MALTA 5

Tourism contributes well over a quarter of the island's foreign exchange earnings

Target is a million a year

THE BIG publicity campaign to attract foreign visitors, especially Britons, to Malta has succeeded almost too well. The number of visitors increased by over 11 per cent last year and the indications are that 1987 will be an even bigger year.

Improvements in facilities and in the country's infrastructure are nearing completion and these should ensure that the tourist industry does not repeat the damaging experience of the late 1970s when a sudden boom took the authorities by surprise.

The recent improvement has been important for the Maltese economy, particularly as well over a quarter of the island's foreign exchange earnings. The slump in the early 1980s hit the economy hard.

The peak year for arrivals and receipts was 1980 when over 728,000 visited Malta or its sister islands of Gozo and Comino. This represented a doubling of tourists within three years and the authorities were faced with an increase on such a scale.

Prices went up and quality went down; there was an acute shortage of water and electricity cuts were frequent.

In addition, Mr Dom Mintoff, then Prime Minister, appeared to relish offending the countries on which Malta depended for tourism, and the British, West Germans and others switched to Spain, Portugal and Greece in thousands.

Numbers slipped to 705,000 in 1981, slumped by 28 per cent in

1982 and continued to fall at a more modest rate in 1983 and 1984 when the low point of 478,000 was reached. The Maltese authorities realised that their holiday house had to be put in order and a series of reform programmes was set in

wages and prices were pegged to bring costs back in line with rival destinations and infrastructure programmes were instituted to ensure that a rise in the number of tourists could be met.

Virtually all the essential improvements, including better transport links, arcades, modernisation schemes and more reliable electricity supplies, have now been completed. Work is still in hand on the other main plank of the programme — to improve the quality of the island's tourist services.

Some areas, especially around Sliema, the largest town, in the tourism zone, so that better facilities can be provided to attract bigger spenders. Yacht facilities are also being extended on Gozo.

There are ambitious plans for improvement to Valletta, the capital, with its splendid collection of palaces built by the Knights of St John, as part of a wider campaign to restore Malta's historic cities and archaeological sites such as Mdina, the former capital.

The effort to upgrade the pattern from the relatively low spending type of British tourist

also includes plans for more cultural tours, marketing campaigns among selected target groups, and more international conferences — Malta is ideally situated between the European, Arab and African spheres of influence.

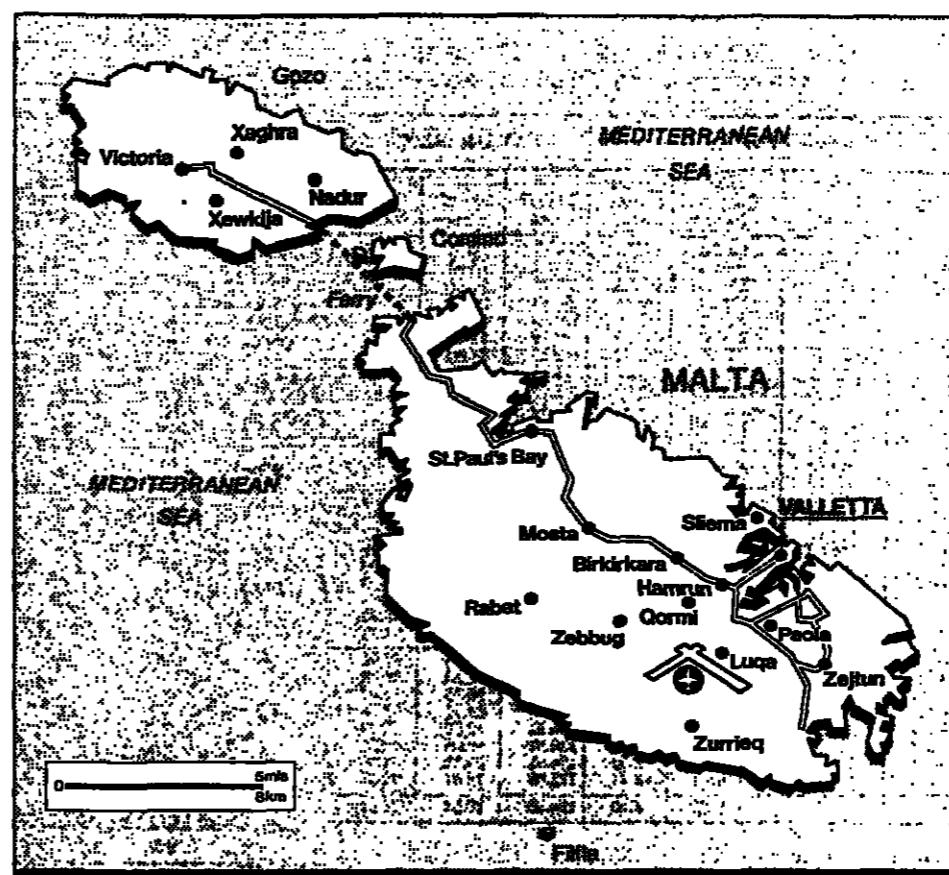
The campaign to attract more tourists really began to have an impact in 1985 when arrivals rose by 8 per cent, the first increase since 1980. The number of British fell slightly but there were big increases from Germany, from Belgium and, for special reasons, from Libya.

The increase of 138 per cent from Germany came as the flood of tourists allowed in without passports, buying consumer durables not available in the home market. The total fell back sharply last year, however, because of the problems for the Libyan economy caused by the fall in oil revenues.

The overall increase in visitors last year was 11 per cent, with the British making up half the total of 575,000. The upward trend has continued this year with arrivals sharply up in January and February.

Richard Evans

Success with foreign investment



Manufacturing

Success with foreign investment

EXPORT INDUSTRIES

continued to recover last year with shipments inching forward by 10 per cent. Maltese lira (£18.5m) to ML18.6m (£20.0m).

The increase was made up largely of the delivery of vessels to China built by the government-owned Malta Shipbuilding Company. Improved exports of semi-manufactures amounted to only ML4m, and, although plant utilisation has rocketed to around 85 per cent, exporters are still working for minimum returns. As a result they are not drawing the full benefits of the revival of the western European economy, where Malta's principal market is.

A number of leading trading partners have, moreover, slowed down their purchases from Malta. Britain last year purchased ML3.3m worth of orders less than in 1985 while sales to Libya, probably as a result of the cancellation by the Maltese of an order for crude oil, declined by another ML2m.

The Soviet Union, which has gradually become an important client for Malta, through two hefty countertrade deals, also bought ML2.2m worth of locally assembled goods than in 1985.

France, Italy and Germany all took a greater proportion of Maltese goods sold to the EEC than in previous years but industrialists remain circumspect, and are reluctant to undertake expansion before the recovery in Western Europe picks up further.

Last year another 33 new industrial ventures were launched with investments coming predominantly from Western Europe. Malta SGS Ateliers, an assembler of electronic chips, is expanding into an additional 7,000 sq ft and will take on another 400 men. The company already has two factories on the island which was seen as an ideal location for its specialised operation.

Since independence from Britain 23 years ago exports have

played a pivotal role for Malta. Despite various start-up problems, which ranged from the need to create a modern industrial base to the absence of power, maritime links with Europe and Africa, the Maltese have been remarkably successful in attracting foreign investment.

There are presently more than 400 industrial outfits operating on the island from western Europe, the US, Libya and Czechoslovakia shipping a surprising range of goods including plastic products, chemicals, clothing, footwear, furniture, refrigerators, paints, electrical components, toys, aluminium products and ships. Malta Shipbuilding has order books filled for seven years to come, its chairman, Mr Sidney Barbara, claims.

This success is due to the fact that the island has much more to offer than its size or history as an industrial zone would normally suggest. Countertrade accords han-

mered out with the Soviet Union, an association agreement with the EEC which grants preferential non-tariff, a preferred nation status with the US and warm political ties with China and most Middle Eastern states provide exporters with markets not immediately available to developing countries, certainly not in southern Europe or north Africa.

"We have a captive market but we need to find new markets where there should be a credit insurance guarantee," argues Mr John Parnis England, the FOI chairman.

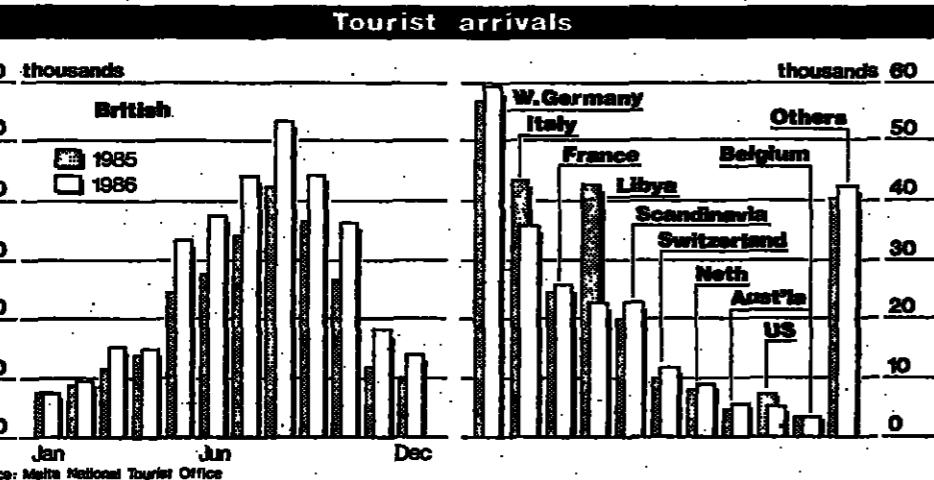
"Most of all we feel Malta should join the Common Market. We have much to gain from becoming a part of such a huge market," he insists.

Opposition and Nationalist Party leader, Dr Eddie Fenech Adami whose party appears to be the implementation of joining the EEC, says, "business manufacturing industry would gain from such a move, and in consequence the whole island would be better off."

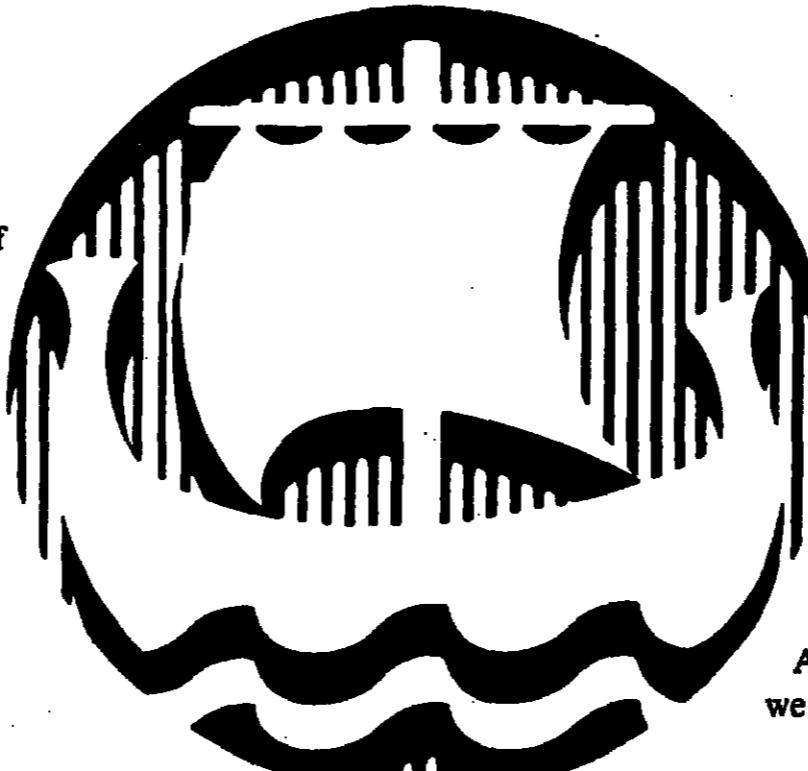
The Prime Minister, Dr Carmelo Mifsud Bonnici, on the other hand believes conditions could never be right for Malta and insists it would be suicidal if the island were to become a member.

Clearly Malta needs to review its exporting performance to the level of the decade ago. Increased Government backing and a more enthusiastic upgrading of the industry, as opposed to such radical steps as joining the EEC may, however, in the immediate term prove adequate.

Godfrey Grima



We set sail eleven years ago. And we're still set fair for growth.



Barclays Bank handed over to Mid-Med in 1975, ushering in a new banking era for Malta.

Young as we may be — though we seem to be part of Malta's chequered history — our track record in financing tourist and manufacturing schemes makes us the immediate choice of foreign entrepreneurs investing in Malta.

Our lendings last year rocketed to LM127.7m (£stg. 227.5m), a sizeable figure judging by the size of the island.

And because we weren't actually thrown in at the deep end we have managed to build up a huge reserves base.

Mid-Med Bank Limited
Malta's Largest Bank



Mid-Med Bank Limited 233 Republic Street, Valletta, Malta. Tel. 625281 Telex: MW 1370 -- MW 1436 Telefax: 230406 Cables: Midhead

UNIT TRUST INFORMATION SERVICE

UNIT TRUST INFORMATION SERVICE

The New York Stock Exchange has a new Home.

Today, The Home Group, Inc. begins trading on the Big Board, under the symbol HME.

The Home Group, Inc. is a financial services company, primarily engaged in the property and casualty insurance business through its major subsidiary, The Home Insurance Company. Founded in 1853, Home Insurance ranks twenty-first among the leading property and casualty companies in the United States. Other Home subsidiaries include US International Reinsurance Company and

Imperial Premium Finance, both leading companies in their fields.

Total revenues in 1986 were \$2.2 billion, and assets at year end were \$5.7 billion. The Home Group, Inc. became an independent public company in September of 1985.

If you would like to know more about The Home Group and our products and services, or receive a copy of our 1986 Annual Report, write Marshall Manley, President and Chief Executive Officer, The Home Group, Inc., 59 Maiden Lane, New York, N.Y. 10038.

The Home Group, Inc.

The Home Insurance Company, US International Re, Inc., Imperial Premium Finance, Commonwealth Insurance Company (Canada), Sterling Forest Corporation.

WORLD STOCK MARKETS

AUSTRIA	FRANCE	AUSTRALIA	JAPAN	CANADA
1986/87 High Low	April 3 Price Fr.	1986/7 High Low	April 3 Price Fr.	1986/7 High Low
2,850 1,950 Credit net pp	2,020	1,611 1,475 Emprunt 4% 1978/1,675	3,03	1986/7 High Low
3,600 2,850 Gossier	2,025	5,850 7,100 Emprunt 7% 1978/8,070	16.6 10.5	Apr. 4 Price Yen
16,000 18,700 Interunited	12,750	585 508 Acoor	551	1986/7 High Low
21,750 6,000 Jungblauder	5,980	446 608 Air Liquide	750	Apr. 4 Price Fr.
2,475 1,250 Leanderbank	1,945	846 856 BNP	855	1986/7 High Low
750 1,250 Pfermooser	665	846 856 BNP	855	Apr. 4 Price Fr.
811 140 Stays Daimler	143	2,861 1,610 Bongrain	2,790	1986/7 High Low
12,500 5,400 Vetscher Mas	860	2,080 2,000 Bouygues	1,461	Apr. 4 Price Fr.
BELGIUM/LUXEMBOURG	1986/87 High Low	1986/7 High Low	1986/7 High Low	1986/7 High Low
19,500 2,250 B.E.B.	2,150	2,450 2,000 Creditnet pp	2,020	1986/7 High Low
16,550 5,600 Manu. Gen. Lux.	10,400	545 515 Damart	2,970	Apr. 3 Price Fr.
17,000 5,400 Sanc. Int. AL-C	14,900	545 515 Damart	2,970	1986/7 High Low
2,560 1,050 Sekart	10,950	1,600 1,400 Detergents	1,420	Apr. 3 Price Fr.
5,450 2,640 Clement CSE	5,210	1,600 1,500 Detergents	1,420	1986/7 High Low
185 120 Cookeril	138	5,210 5,000 Eiffel-Aquitaine	5,120	Apr. 3 Price Fr.
5,465 1,662 Delhaize	5,570	2,000 2,000 Eiffel-Aquitaine	2,000	1986/7 High Low
5,480 2,580 EBES	5,390	1,600 1,500 Eiffel-Aquitaine	1,500	Apr. 3 Price Fr.
7,700 1,645 Fabrique Nat	1,580	1,600 1,500 Eiffel-Aquitaine	1,500	1986/7 High Low
1,250 258 Eiffel-Aquitaine	1,040	1,600 1,500 Eiffel-Aquitaine	1,500	Apr. 3 Price Fr.
4,595 8,690 Eiffel-Aquitaine	4,515	1,600 1,500 Eiffel-Aquitaine	1,500	1986/7 High Low
6,610 4,810 Generale Banq	6,500	1,600 1,500 Eiffel-Aquitaine	1,500	Apr. 3 Price Fr.
6,850 4,700 Gevaert	6,750	1,600 1,500 Eiffel-Aquitaine	1,500	1986/7 High Low
8,150 5,750 Hobokan	7,140	1,600 1,500 Eiffel-Aquitaine	1,500	Apr. 3 Price Fr.
4,430 2,880 Interacoon	4,390	1,600 1,500 Eiffel-Aquitaine	1,500	1986/7 High Low
4,480 3,450 Kreditbank	4,580	1,600 1,500 Eiffel-Aquitaine	1,500	Apr. 3 Price Fr.
11,650 9,900 Petrofina	10,400	1,600 1,500 Eiffel-Aquitaine	1,500	1986/7 High Low
29,488 17,800 Royale Belge	24,550	1,600 1,500 Eiffel-Aquitaine	1,500	Apr. 3 Price Fr.
5,450 3,180 Soc. Gen. Belge	3,490	1,600 1,500 Eiffel-Aquitaine	1,500	1986/7 High Low
14,950 7,710 Sofina	14,150	1,600 1,500 Eiffel-Aquitaine	1,500	Apr. 3 Price Fr.
10,470 6,050 Solvay	10,375	1,600 1,500 Eiffel-Aquitaine	1,500	1986/7 High Low
585 185 Stanwick Int'l	450	1,600 1,500 Eiffel-Aquitaine	1,500	Apr. 3 Price Fr.
7,190 4,675 Tintobel	7,190	1,600 1,500 Eiffel-Aquitaine	1,500	1986/7 High Low
10,200 5,300 UGE	9,800	1,600 1,500 Eiffel-Aquitaine	1,500	Apr. 3 Price Fr.
6,800 3,705 Wagons Ltd	5,810	1,600 1,500 Eiffel-Aquitaine	1,500	1986/7 High Low
DENMARK	1986/87 High Low	1986/7 High Low	1986/7 High Low	1986/7 High Low
1986/87 High Low	April 3 Price Knr. %	1986/7 High Low	April 3 Price Fr. %	1986/7 High Low
970 510 Baltics Skand	275	1,600 1,500 Bapco	1,490	1986/7 High Low
348 255 Cop Handelsbank	262	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr. %
470 318 D. Søkretter	325	1,600 1,500 Bapco	1,490	1986/7 High Low
351 259 Danke Bank	325	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr. %
298 160 Forenede Brs 995	650	1,600 1,500 Bapco	1,490	1986/7 High Low
688 265 GNT Hldng	860	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr. %
840 450 Jyske Bank	765	1,600 1,500 Bapco	1,490	1986/7 High Low
285 218 Novo Inde	665	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr. %
239 229 Privatbanken	267	1,600 1,500 Bapco	1,490	1986/7 High Low
1,060 665 Sophus Berend	805	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr. %
531 119 Supreco	303	1,600 1,500 Bapco	1,490	1986/7 High Low
FINLAND	1986/87 High Low	1986/7 High Low	1986/7 High Low	1986/7 High Low
1986/87 High Low	April 3 Price Mkr.	1986/7 High Low	April 3 Price Fr.	1986/7 High Low
970 510 Amer	225	1,600 1,500 Bapco	1,490	1986/7 High Low
275 175 Kone	205	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
172,5 575 Nokia	59,75	1,600 1,500 Bapco	1,490	1986/7 High Low
179 565 Pohjola Inv	170,5	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
235 575 Rautava-Meila	52,75	1,600 1,500 Bapco	1,490	1986/7 High Low
265 94 Stockmann "B"	205	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
240 254 USF "C"	24,50	1,600 1,500 Bapco	1,490	1986/7 High Low
Wartila (511)	205,5	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
NETHERLANDS	1986/87 High Low	1986/7 High Low	1986/7 High Low	1986/7 High Low
1986/87 High Low	April 3 Price Fls	1986/7 High Low	April 3 Price Fr.	1986/7 High Low
66 44,6 ACF Holding	62,5	1,600 1,500 Bapco	1,490	1986/7 High Low
232,5 280 AEGON	50,6	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
470 318 Ahoy	108,3	1,600 1,500 Bapco	1,490	1986/7 High Low
351 259 Alko	137	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
628 628 ALKOZ	63	1,600 1,500 Bapco	1,490	1986/7 High Low
93,8 62,7 AMEV	70,3	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
117 25,0 AMRO	83,5	1,600 1,500 Bapco	1,490	1986/7 High Low
260 50 Brederoo Cart	817	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
230 33,7 Buehrmann Tot	52	1,600 1,500 Bapco	1,490	1986/7 High Low
261 184 Elsievier-NDU	560	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
280 51,5 Fokker	43,5	1,600 1,500 Bapco	1,490	1986/7 High Low
350 265 Gist Brocades	50,5	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
688 400 Hoekman	171,5	1,600 1,500 Bapco	1,490	1986/7 High Low
675 399 Hoofd	118	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
592 399 IBCP-Bank	440	1,600 1,500 Bapco	1,490	1986/7 High Low
645 455 INW	543	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
245 238 Brown Boveri	216,5	1,600 1,500 Bapco	1,490	1986/7 High Low
277,5 247 Commerzbank	280	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
362,5 202 Comit	171,5	1,600 1,500 Bapco	1,490	1986/7 High Low
523 252 Dom'nt Gumm	48	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
532 252 Dalmier-Benz	1,053	1,600 1,500 Bapco	1,490	1986/7 High Low
534 257 Degussa	498	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
241,5 159 Dose Babcock	913	1,600 1,500 Bapco	1,490	1986/7 High Low
920 605 Dose Grindan	606	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
508 300 Dresden Bank	355	1,600 1,500 Bapco	1,490	1986/7 High Low
243 257 Drifblueh	292	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
504 350 Elanck	496,5	1,600 1,500 Bapco	1,490	1986/7 High Low
200 250 Elastif	146,7	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
237 252 Esocet	765	1,600 1,500 Bapco	1,490	1986/7 High Low
201 252 Esocet	51	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
262,5 252 Esocet	44,6	1,600 1,500 Bapco	1,490	1986/7 High Low
650 410 Holzmann (P)	440	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
248 225 Horts	250	1,600 1,500 Bapco	1,490	1986/7 High Low
460 458 Huse	576	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
352 252 Krestad	493	1,600 1,500 Bapco	1,490	1986/7 High Low
564 350 Reutel	470	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
241,5 159 Rödönsk	312	1,600 1,500 Bapco	1,490	1986/7 High Low
523 142 Rödönsk	181	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
650 370 Rödönsk	575	1,600 1,500 Bapco	1,490	1986/7 High Low
343 257 Rödönsk	677	1,600 1,500 Bapco	1,490	Apr. 3 Price Fr.
504 350 Rödönsk	496,5	1,600 1,500 Bap		

Indices

"What's special about these Danish companies?"

ABN Bank Copenhagen Branch, Assurandor-Societetet, Barclays Financial Services A/S, Berlingske Tidende, Bikuben, Boliden, Buch+Deichmann, Copenhagen Handelsbank, Danish Steel Works Ltd., Danish Telecom International A/S, Danish Turnkey Dairies Ltd., Dannebrog Shipyard Ltd., A/S De Danske Sukkerfabrikker, Den Danske Bank, Domki A/S, Duracell, Daimon ApS, East Asiatic Co. Ltd. (A/S Det Østasiatiske Kompagni), A/S Elizabeth Arden, Ess-Food, F. L. Smith & Co. A/S, Forlaget Management A/S, Frisko Sol Is A/S, Ginge Brand & Elektronik A/S, Gränges Danmark A/S, Grundfos International A/S, Haldor Topsøe A/S, Hellerup Bank A/S, Henriques Bank Aktieselskab, Kreditforeningen Danmark A/S, Kommunedata, Midtbank, A/S Mira Atomizer, Norsk Hydro Danmark a.s., Nykredit, Price Waterhouse, Privatbanken A/S, Revisionsfirmaet C. Jespersen, Skandinavisk Tobakskompagni, Statsanstalten for Livstorsikring, The Royal Danish Mint, Jutland Technological Institute, Afkieselskabet Vente Bank.

**They are all regular readers of the
FINANCIAL TIMES • European Edition**

For further information about subscription rates in Scandinavia
please contact K. Mikael Heinö in Copenhagen:

01-134441

Closing prices, April 3

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Month	Category	Sub-Category	Item	Q1			Q2			Q3			Q4		
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
12	High	Low	Stock	On. Y.M.	E	100% High	Class								
32	20%	AAR	3	.50	1.25	2.5	5.16	8.56	12.50	16.25	20.00	23.75	27.50	31.25	35.00
52	21%	AGT	3	.25	2.7	11	1.50	2.25	3.00	3.75	4.50	5.25	6.00	6.75	7.50
49	40%	AMC	1	.12	1.2	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2
14%	45%	AMCA	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	47%	AMR	1	.12	1.2	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2
27%	25%	AMR	1	.12	1.2	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2
12%	25%	AMX	1	.25	3.2	3.5	3.8	4.1	4.4	4.7	5.0	5.3	5.6	5.9	6.2
32%	25%	AVX	1	.25	3.2	3.5	3.8	4.1	4.4	4.7	5.0	5.3	5.6	5.9	6.2
24%	25%	AZP	1	.25	3.2	3.5	3.8	4.1	4.4	4.7	5.0	5.3	5.6	5.9	6.2
24%	25%	Accord	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
49%	51%	ACM	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
23%	15%	ADM	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
21%	12%	ADM	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
50%	51%	AMD	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
50%	51%	Adobe	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	11%	Ado	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
58%	51%	Ado	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
101%	87%	AEF	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
54%	51%	AEF	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
20%	10%	AEF	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	25%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
10%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	25%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
10%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	25%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
10%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	25%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
10%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	25%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
10%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	25%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
10%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	25%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
10%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	25%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
10%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	25%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
10%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	25%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
10%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	25%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
10%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
27%	25%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
10%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5
51%	51%	AEI	1	.12	1.5	1.8	2.1	2.4	2.						

Continued on Page A

FOREIGN EXCHANGES

Ministers meet as threats of a trade war grow

By Cole Miller

THREATS OF a trade war between Japan and the US, with indications the UK was also prepared to become involved, overshadowed other developments on the foreign exchanges last week.

It was not surprising newspaper reports that Mr Nigel Lawson, Chancellor, had set targets of DM 2.90 and £1.60 for sterling caused a stir last Thursday.

Dealers noted this implied a rate for the dollar against the D-Mark of DM 1.8125, at a time when there is considerable uncertainty the US currency will remain above DM 1.80.

The Chancellor quickly claimed he had been misunderstood and misrepresented, and that he only meant to tell members of the National Economic Development Council he was satisfied with the current levels for the pound.

£ IN NEW YORK

Apr. 3	Close	Previous Close
Euro	1.6015-1.6025	1.6115-1.6125
1 month	1.6015-1.6025	1.6115-1.6125
3 months	1.6015-1.6025	1.6115-1.6125
12 months	1.6015-1.6025	1.625-1.625

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

Apr. 3	Close	Previous Close
8.30	71.5	71.5
10.00	71.5	71.5
11.00	71.5	71.4
12.00	71.5	71.4
1.00	71.5	71.4
2.00	71.5	71.4
3.00	71.5	71.4
4.00	71.5	71.4

Changes are for Ecu, therefore positive change denotes a weak currency.

Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Apr. 3	S	D	Yen	F Fr.	S Fr.	H Ft.	Ura	C S	B Fr.
Belgian Franc	42.4882	42.9846	1.24	-0.84	± 0.2444				
Dutch Guilder	7.86212	0.111	-0.51	± 0.404					
French Franc	6.90403	6.90722	-0.03	-0.35	± 0.2674				
German Mark	2.31943	2.34320	-1.02	-0.62	± 0.2012				
Italian Lira	1479.34	1479.34	-0.29	-0.29	± 0.0752				

Changes are for Ecu, therefore positive change denotes a weak currency.

Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Apr. 3	Short term	7 Days ⁺ notice	One Month	Three Months	Six Months	One Year
Switzerland	9.10	9.20	9.20	9.20	9.20	9.20
U.S. Dollar	9.55	9.65	9.65	9.65	9.65	9.65
Austrian Schilling	7.54	14.9256	14.9256	14.9256	14.9256	14.9256
Belgian Franc	4.14	14.9142	14.9142	14.9142	14.9142	14.9142
Danish Krone	7.54	14.9130	14.9130	14.9130	14.9130	14.9130
Denmark Mark	3.10	2.3342	2.3342	2.3342	2.3342	2.3342
Irish Guilder	4.14	2.3453	2.3453	2.3453	2.3453	2.3453
Italian Lira	12	14.9126	14.9126	14.9126	14.9126	14.9126
Japanese Yen	2	14.9126	14.9126	14.9126	14.9126	14.9126
Swiss Franc	16.74	16.74	16.74	16.74	16.74	16.74
Morocco Dirham	1.25	14.9126	14.9126	14.9126	14.9126	14.9126
Spanish Peseta	16.50	14.9126	14.9126	14.9126	14.9126	14.9126
Swedish Krona	7.52	14.9106	14.9106	14.9106	14.9106	14.9106
Swiss Franc	3.15	1.94957	1.94957	1.94957	1.94957	1.94957
Swiss Franc	200	1.94957	1.94957	1.94957	1.94957	1.94957
Irish Punt	1.74	1.74	1.74	1.74	1.74	1.74

*SDR rates are for April 2.

CURRENCY MOVEMENTS

Long-term Eurodollar: Two years 7.5-7.6 per cent; three years 7.6-7.7 per cent; four years 7.7-7.8 per cent; five years 7.8-8.1 per cent nominal. Short-term rates are call for US dollars and Yen.

**Morgan Germany rates for April 2.

OTHER CURRENCIES

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8-10.9 per cent; five years 10.9-11.0 per cent.

Long-term Eurodollar: One year 10.5-10.6 per cent; two years 10.6-10.7 per cent; three years 10.7-10.8 per cent; four years 10.8